

CITY OF RAYNE, LOUISIANA**Financial Report****Year Ended September 30, 2012**

Under provisions of state law this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date MAY 01 2013

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THIBODEAUX ACCOUNTING COMPANY

A LIMITED LIABILITY COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

P O BOX 34 • 801 THE BOULEVARD SUITE B • RAYNE LOUISIANA 70578 • (337) 334-7251 FAX (337) 334-7002

INDEPENDENT AUDITOR'S REPORT

The Honorable Roland J Boudreaux, Mayor
And the Board of Alderman
City of Rayne, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information for the City of Rayne, Louisiana, as of and for the year ended September 30, 2012, which collectively comprise the basic financial statements of the City's primary government as listed in the table of contents. These financial statements are the responsibility of the City of Rayne, Louisiana's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the primary government of the City of Rayne, Louisiana, as of September 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 28, 2013, on our consideration of the City of Rayne Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

MEMBER OF
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
STATE OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

The Honorable Roland J Boudreaux, Mayor
And the Board of Alderman
City of Rayne, Louisiana

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 13 and 48 through 50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Rayne's financial statements as a whole. The other supplementary information on pages 52 through 69 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. Such information except for the portion marked "unaudited" (page 68) on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Thibodeaux Accounting Company
Thibodeaux Accounting Company
A Limited Liability Company

Rayne, Louisiana
March 28, 2013

Required Supplemental Information

CITY OF RAYNE, LOUISIANA
Management's Discussion and Analysis
September 30, 2012

The Management Discussion and Analysis (MD&A) offers the readers of the City of Rayne's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2012. This management discussion and analysis (MD&A) is designed to provide an objective and easy to read analysis of the City's financial activities based on currently known facts, decisions, or conditions. It is intended to provide readers with a broad overview of City finances. It is also intended to provide readers with an analysis of the City's short-term and long-term activities based on information presented in the financial report and fiscal policies that have been adopted by the City. The City's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

Overview of the Financial Statements

This Management Discussion and Analysis document introduces the City's basic financial statements. The basic financial statements include (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The City also includes in this report additional information to supplement the basic financial statements.

Government-Wide Financial Statements

The City's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the City's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the Statement of Net Assets. This is the government-wide statement of position presenting information that includes all of the City's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City as a whole is improving or deteriorating. Evaluation of the overall health of the City would extend to other nonfinancial factors such as diversification of the taxpayer base or the condition of City infrastructure, in addition to the financial information provided in this report.

The second government-wide statement is the Statement of Activities, which reports how the City's net assets changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the City's distinct activities or functions on revenues provided by the City's taxpayers.

Both government-wide financial statements distinguish governmental activities of the City that are principally supported by taxes and intergovernmental revenues and business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, public safety, public works, community development and culture and recreation. Business-type activities include the electric, water and sewer systems.

The financial statements do not include financial data for the City's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial data of the City's primary government. As a result, the primary government and component unit financial statements do not purport to, and do not, present fairly the financial position of the reporting entity of the City of Rayne, as of September 30, 2012, the changes in its financial position, or where applicable its cash flows, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

CITY OF RAYNE, LOUISIANA
Management's Discussion and Analysis
September 30, 2012

Copies of the Rayne City Court's audit report can be obtained by sending a request to Rayne City Court, Post Office Box 61, Rayne, LA 70578. Copies of the Rayne Marshal's Fund's report can be obtained by sending a request to Rayne Marshal's Fund, Post Office Box 61, Rayne, LA 70578.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The City uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the City's most significant funds rather than the City as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the form of combining statements in a later section of this report.

The City has two kinds of funds:

Governmental funds are reported in the fund financial statements and encompass the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the City's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

Individual fund information for non-major governmental funds is found in combining statements in a later section of this report.

Proprietary funds are reported in the fund financial statements and generally report services for which the City charges customers a fee. The City uses enterprise funds to account for its utility and sewer departments. The enterprise fund essentially provides the same information reported as business-type activities in the government-wide statements, only in more detail. The proprietary fund financial statements provide separate information for the utility and sewer departments, which are considered major funds of the City.

Notes to basic financial statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's budget presentations. Budgetary comparison statements are included as "required supplementary information" for the general fund and the one major special revenue fund. Budgetary comparison schedules for all other governmental funds can be found in a later section of this report. These statements and schedules demonstrate compliance with the City's adopted and final revised budget.

CITY OF RAYNE, LOUISIANA
Management's Discussion and Analysis
September 30, 2012

As discussed, the City reports major funds in the basic financial statements. Combining and individual statements and schedules for non-major funds are presented in a subsequent section of this report.

Financial analysis of the City as a whole

The City's net assets at fiscal year-end are \$17,031,386. The following table provides a summary of the City's net assets.

Summary of Net Assets

| | Governmental Activities | Business-Type Activities | Total | %Total |
|--|------------------------------------|-------------------------------------|----------------------|---------------|
| Assets: | | | | |
| Current Assets and Other Assets | \$ 1,453,380 | \$ 2,539,708 | \$ 3,993,088 | 18% |
| Restricted Assets | - | 1,151,101 | 1,151,101 | 5% |
| Capital Assets | <u>5,842,200</u> | <u>10,939,236</u> | <u>16,781,436</u> | <u>77%</u> |
| Total Assets | <u>\$ 7,295,580</u> | <u>\$ 14,630,045</u> | <u>\$ 21,925,625</u> | <u>100%</u> |
| Liabilities: | | | | |
| Current Liabilities | \$ 362,032 | \$ 1,320,593 | \$ 1,682,625 | 34% |
| Long-Term Liabilities | <u>176,820</u> | <u>3,034,794</u> | <u>3,211,614</u> | <u>66%</u> |
| Total Liabilities | <u>\$ 538,852</u> | <u>\$ 4,355,387</u> | <u>\$ 4,894,239</u> | <u>100%</u> |
| Net Assets: | | | | |
| Investment in Capital Assets, Net of Debt | \$ 5,842,200 | \$ 8,044,236 | \$ 13,886,436 | 82% |
| Restricted | 85,226 | 1,151,101 | 1,236,327 | 7% |
| Unrestricted | <u>829,302</u> | <u>1,079,321</u> | <u>1,908,623</u> | <u>11%</u> |
| Total Net Assets | <u>\$ 6,756,728</u> | <u>\$ 10,274,658</u> | <u>\$ 17,031,386</u> | <u>100%</u> |

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The City's assets exceeded its liabilities at the close of the most recent fiscal year by \$17,031,386 (net assets). The City's net assets are comprised of \$6,756,728 from governmental activities and \$10,274,658 from business-type activities.

The largest portion of the City of Rayne's net assets (82%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, vehicles, City infrastructure, etc.), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF RAYNE, LOUISIANA
Management's Discussion and Analysis
September 30, 2012

An additional portion of the City's net assets (7%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$1,908,23 is unrestricted net assets that may be used to meet the government's ongoing obligations to its citizens and creditors.

The following table provides a summary of the City's changes in net assets:

| | Governmental Activities | Business-type Activities | Total | % Total |
|---------------------------------|----------------------------|-----------------------------|----------------------|-------------|
| Revenues | | | | |
| Program | | | | |
| Charges for Services/Fines | \$ 626,138 | \$ 8,671,248 | \$ 9,297,386 | 68% |
| Operating Grants | 419,626 | - | 419,626 | 3% |
| Capital Grants & Contributions | 151,659 | - | 151,659 | 1% |
| General | | | | |
| Sales Taxes | 1,996,113 | - | 1,996,113 | 15% |
| Other Taxes | 470,684 | - | 470,684 | 3% |
| Unrestricted Grants & Revenues | 346,128 | 29,800 | 375,928 | 3% |
| Interest | 2,607 | 10,342 | 12,949 | 1% |
| Other | 197,004 | 668,930 | 865,934 | 6% |
| Total revenues | \$ 4,209,959 | \$ 9,380,320 | \$ 13,590,279 | 100% |
| Program expenses | | | | |
| General Government | \$ 1,365,539 | \$ - | \$ 1,365,539 | 10% |
| Public Safety | 1,739,485 | - | 1,739,485 | 13% |
| Public Works | 1,126,269 | - | 1,126,269 | 8% |
| Storm Related Expenses | 796 | 33,262 | 34,058 | 0% |
| Culture & Recreation | 697,868 | - | 697,868 | 5% |
| Community Development | 369,736 | - | 369,736 | 3% |
| Interest | 2,872 | 94,836 | 97,708 | 1% |
| Water, Lights and Sewer | - | 8,134,568 | 8,134,568 | 60% |
| Total expenses | \$ 5,302,565 | \$ 8,262,666 | \$ 13,565,231 | 100% |
| Excess (deficiency) | (1,092,606) | 1,117,654 | 25,048 | |
| Transfers | 600,000 | (600,000) | - | |
| Change in net assets | \$ (492,606) | \$ 517,654 | \$ 25,048 | |
| Period Period Adjustment | - | - | - | |
| Beginning net assets | 7,249,334 | 9,757,004 | 17,006,338 | |
| Ending net assets | \$ 6,756,728 | \$ 10,274,658 | \$ 17,031,386 | |

CITY OF RAYNE, LOUISIANA
Management's Discussion and Analysis
September 30, 2012

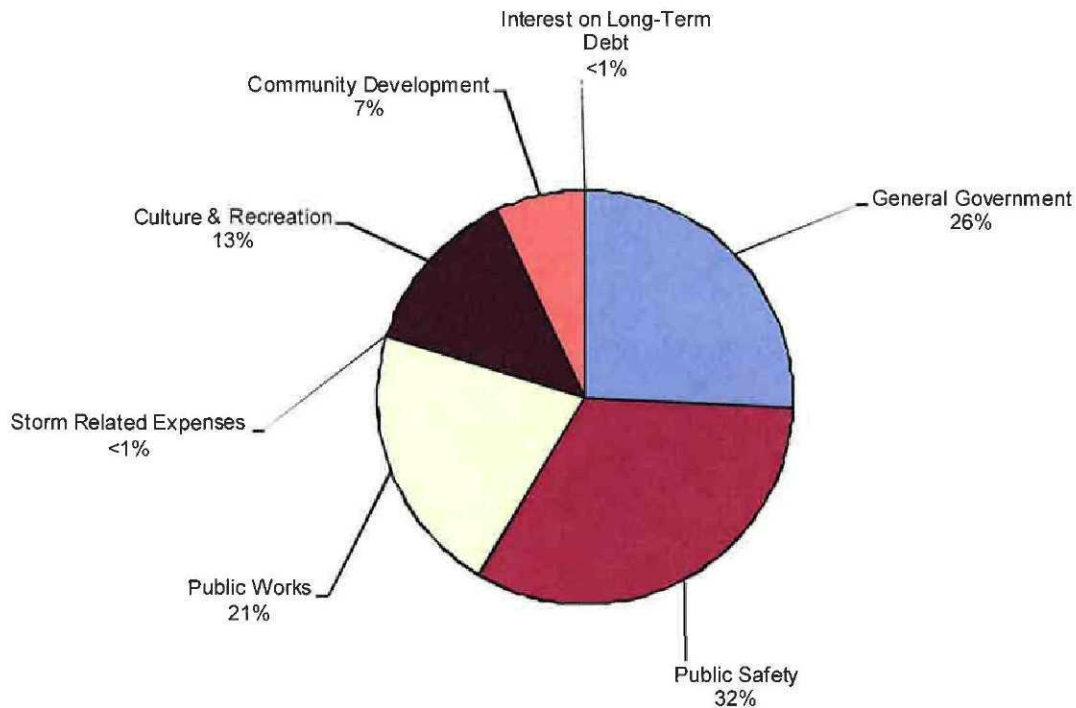
Governmental Activities

The governmental activities of the City include general government, public safety, public works, culture and recreation, and community development. Sales taxes, property taxes, intergovernmental revenues as well as licenses, permits and fines are used to fund these governmental activities.

The following chart shows the City of Rayne's expenditures related to those functions typically associated with governments. In the chart, general government includes the following departments:

Legislative (City Council), judicial, executive, financial, and other general administration. Public safety consists of the police, fire, permits, and civil defense. Public works is made up of the street department, Culture and recreation contain the City's parks, the museum, and the community center activities. Community development consists of the Section 8 program and the LCDBG fund.

Governmental Activities Expenditures and Transfers

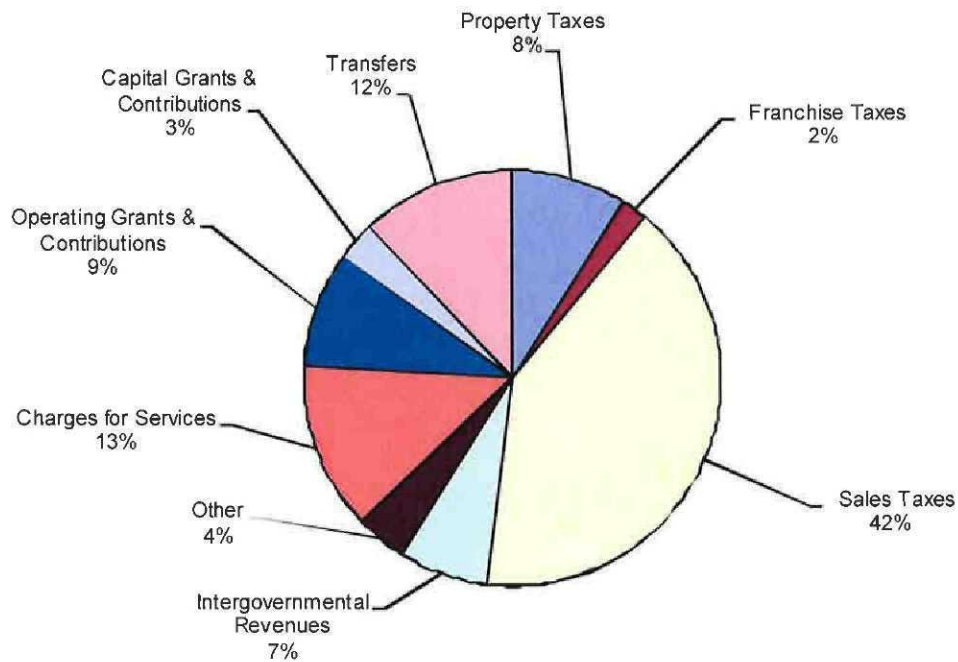


CITY OF RAYNE, LOUISIANA
Management's Discussion and Analysis
September 30, 2012

Following is a list of the Governmental Activities Expenditures and Transfers:

| | Amount | % Total |
|---------------------------------|----------------------------|--------------------|
| General Government | \$ 1,365,539 | 26% |
| Public Safety | 1,739,485 | 32% |
| Public Works | 1,126,269 | 21% |
| Storm Related Expenses | 796 | <1% |
| Culture & Recreation | 697,868 | 13% |
| Community Development | 369,736 | 7% |
| Interest on Long-Term Debt | <u>2,872</u> | <u><1%</u> |
| Total Governmental Expenditures | <u><u>\$ 5,302,565</u></u> | <u><u>100%</u></u> |

Governmental Revenues and Transfers



Governmental revenues consist of program revenues and general revenues available for the City to use to pay for governmental activities described above.

CITY OF RAYNE, LOUISIANA
Management's Discussion and Analysis
September 30, 2012

Following is a list of the General Revenues and Transfers and Program Revenues

| | Amount | % |
|--|----------------------------|--------------------|
| | | Total |
| General Revenue & Transfers | | |
| Taxes | | |
| Property Taxes | \$ 360,579 | 8% |
| Franchise Taxes | 110,105 | 2% |
| Sales Taxes- Beer and Sales | 1,996,113 | 42% |
| Intergovernmental Revenues | 346,128 | 7% |
| Other | 199,611 | 4% |
| Program Revenues | | |
| Charges for Services | 626,138 | 13% |
| Operating Grants & Contributions | 419,626 | 9% |
| Capital Grants & Contributions | <u>151,659</u> | 3% |
| Total Governmental Revenues | \$ 4,209,959 | |
| Transfers | <u>600,000</u> | <u>12%</u> |
| Total Governmental Revenues & Transfers | <u>\$ 4,809,959</u> | <u>100%</u> |

Sales tax revenues are the largest general revenue source for the City as of September 30, 2012. It accounts for 42% of total governmental revenues. The city received \$1,996,113 in sales tax revenues.

Other taxes total 10% of governmental revenue at \$470,684. Program revenues account for 25% of total governmental revenues and consist of charges for services, operating grants and contributions, and capital grants and contributions. Transfers accounted for 12% of the total governmental revenues and transfers.

Business-Type Activities

The business-type activities of the City are those that the City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's utility and sewer departments reported \$9,135,770 of operating revenues and \$8,134,563 of operating expenses. The operating revenues consist mainly of charges for electricity, sewer and water services. The operating expenses include the costs for generation, distribution, treatment and the overhead cost of providing utility and sewer services. The revenues of the utility and sewer departments decreased over the prior year by 8% while the corresponding operating expenses decreased by 6%.

Financial Analysis of the Governmental Funds

Beginning with fiscal year 2011, the City adopted GASB Statement No. 54, "Fund Balance Reporting and Governmental Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on government's fund balance more transparent.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$1,091,348, which is a 21% decrease over the prior year.

CITY OF RAYNE, LOUISIANA
Management's Discussion and Analysis
September 30, 2012

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Other Supplementary Information

In addition to the basic financial statements, this report also presents certain required supplementary information. The required supplementary information consists of the budgetary comparison schedules for the major governmental funds. The major governmental funds are the general fund and sales tax funds.

General Fund – The general fund's original budget amounts for revenues were decreased by approximately 18%. The actual revenues collected, exceeded budgeted amounts by \$52,448. The original budget for expenditures was decreased by approximately 11% for the final budget to account for normal fluctuations. The actual expenditures exceeded budgeted amounts by 17%.

Sales Tax – The originally budgeted sales tax revenues were increased by approximately 7% based on the sales tax collection trend. The originally budgeted sales tax expenditures were increased by approximately 10%.

Youth Recreation – The originally budgeted revenues were increased for grant proceeds received. The expenditures were increased for Gossen Park improvements.

Capital Asset and Debt Administration

The City's investment in capital assets, net of accumulated depreciation and related debt, as of September 30, 2012, in its governmental activities is \$5,842,200 and in business-type activities is \$8,044,236 which totals \$13,886,436 for the City. This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, park facilities and infrastructure.

Major capital asset additions during the current fiscal year included the following:

Police Department

- Ten used vehicles totaling \$26,100

Water Department

- 2012 Dodge Ram Truck, \$18,867

Centers & Parks

- Sound System, \$15,530
- Gossen Park Sidewalks, \$21,158
- A/C Unit, \$6,928

City Court

- Air Conditioner, \$6,920
- Digital Court Recorder, \$7,605

CITY OF RAYNE, LOUISIANA
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Street Department

- Gravelly Mower, \$7,087
- Two used vehicles totaling \$5,700

City Hall

- 2013 Altec Truck, \$156,143

Sewer Maintenance

- Waste Water Treatment Plant Administration Building, \$358,001

Youth Recreation

- Gossen Park Improvements, \$60,419
- Playground Equipment, \$14,237

Museum

- Air Conditioner, \$5,283

Long-Term Debt

The City of Rayne's Sewer Fund is servicing the Series 1996 & 1997 Sewer Revenue Bonds. The bonds are due in annual installments through March 2017. The current outstanding balance is \$1,980,000. The City Council introduced an ordinance on December 13, 2010 for Certificate of Indebtedness, Series 2011, and the final adoption of Ordinance No. 1050 was on January 10, 2011. The City of Rayne incurred debt and issued one million dollars (\$1,000,000) of its Certificates of Indebtedness, Series 2011, for the purpose of (i) constructing improvements and extensions to the waterworks and sewer treatment plants and distribution systems of the Issuer, (ii) refunding the Issuer's outstanding Certificates of Indebtedness, Series 2004 (the "Refunded Bonds"), and (iii) paying the costs of the issuances thereof. The Refunded Bonds-Series 2004 was rolled into and/or combined with the issuance of an additional \$730,000 worth of bonds. The Series 2011 Bonds interest is payable on March 1 and September 1 of each year, commencing on September 1, 2011. The new Series 2011 Bond outstanding balance was \$915,000 at September 30, 2012.

Cooperative Endeavor Agreement

The City entered into a Cooperative Endeavor Agreement with the Governor's Office of Homeland Security and Emergency Preparedness of the State of Louisiana on July 1, 2011 for the purpose of reimbursing the City for personnel, materials, equipment, and contract cost used in response to severe damage caused by the March 5, 2011 tornado, strong winds and heavy rains. Six Hundred Fifty Thousand Dollars and NO/100 (\$650,000) Dollars was allocated for this project. In December 2011, the City Received \$465,688 in reimbursements related to the Cooperative Endeavor Agreement. The original Cooperative Endeavor Agreement expired December 31, 2011. Due to the City's inability to expend the funds before the original contract expired, the State of Louisiana approved a new Cooperative Endeavor Agreement and amended it to extend the amount of time the City could apply for reimbursements for costs associated with the tornado damage through June 30, 2013 for the remaining \$182,512. In March 2012, the City received \$1,800 in reimbursements from the State of Louisiana related to this Cooperative Endeavor Agreement. The City expended \$184,312 during its fiscal year ended September 30, 2012. In February 2013, the City received the remaining reimbursement of \$182,512 related to the Cooperative Endeavor Agreement with the Governor's Office of Homeland Security and Emergency Preparedness of the State of Louisiana.

CITY OF RAYNE, LOUISIANA
Management's Discussion and Analysis
September 30, 2012

Economic Factors and Next Year's Budget

The 2012-2013 budget consists of projected revenues of \$13,382,889 and expenses of \$13,047,090. Since sales tax is a primary revenue stream for the City of Rayne, it is subject to the changes in the economy. Sales tax revenues have remained comparable to the previous year and therefore no increase in sales tax revenues is anticipated. The budget also includes \$520,000 of capital improvements throughout various city departments, a majority of which are from grants from the State and Federal Governments. These capital outlays will provide infrastructure improvements to the electric, water, and sewer departments. We will aggressively pursue alternative funding sources as well as available grant funding. The City of Rayne is still involved with the development of the Roux Acadiana Commercial Development. This project including Frogland, USA, a major family entertainment complex development, is anticipated to be located North of Interstate 10 in Rayne.

Request for Information

This financial report is designed to provide a general overview of the City of Rayne's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information, contact the City's Clerk, Colin Burnum, P O Box 69, Rayne, LA 70578.

Basic Financial Statements

**Government - Wide
Financial Statements (GWFS)**

CITY OF RAYNE, LOUISIANA

STATEMENT OF NET ASSETS
For the Year Ended September 30, 2012

| | PRIMARY GOVERNMENT | | TOTAL | |
|---|---------------------|----------------------|----------------------|----------------------|
| | GOVERNMENTAL | BUSINESS-TYPE | (MEMORANDUM ONLY) | |
| | ACTIVITIES | ACTIVITIES | 2012 | 2011 |
| ASSETS | | | | |
| Current Assets | | | | |
| Cash and interest bearing deposits | \$ 1,279,768 | \$ 906,210 | \$ 2,185,978 | \$ 2,284,414 |
| Receivables | 74,140 | 1,333,040 | 1,407,180 | 1,468,395 |
| Internal balances | 45,235 | (45,235) | - | - |
| Due from governmental units | 54,237 | - | 54,237 | 363,067 |
| Prepaid items | - | 58,553 | 58,553 | 62,266 |
| Other | - | 51,691 | 51,691 | 49,586 |
| Inventory | - | 235,449 | 235,449 | 217,177 |
| Total Current Assets | <u>\$ 1,453,380</u> | <u>\$ 2,539,708</u> | <u>\$ 3,993,088</u> | <u>\$ 4,444,905</u> |
| Noncurrent Assets | | | | |
| Restricted assets | \$ - | \$ 1,151,101 | 1,151,101 | \$ 1,079,560 |
| Capital assets (net) | 5,842,200 | 10,939,236 | 16,781,436 | 16,786,783 |
| Construction in progress | - | - | - | - |
| Total Noncurrent Assets | <u>\$ 5,842,200</u> | <u>\$ 12,090,337</u> | <u>\$ 17,932,537</u> | <u>\$ 17,866,343</u> |
| TOTAL ASSETS | <u>\$ 7,295,580</u> | <u>\$ 14,630,045</u> | <u>\$ 21,925,625</u> | <u>\$ 22,311,248</u> |
| LIABILITIES | | | | |
| Current Liabilities | | | | |
| Accounts, salaries, and other payments | \$ 322,629 | \$ 773,235 | \$ 1,095,864 | \$ 1,208,609 |
| Bonds payable | - | 463,000 | 463,000 | 450,000 |
| Due to other governments | 22,055 | - | 22,055 | 22,055 |
| Deferred revenues | 3,541 | - | 3,541 | 3,541 |
| Current lease payable | - | 43,800 | 43,800 | - |
| Other current liabilities | 13,807 | 40,558 | 54,365 | 53,682 |
| Total Current Liabilities | <u>\$ 362,032</u> | <u>\$ 1,320,593</u> | <u>\$ 1,682,625</u> | <u>\$ 1,737,887</u> |
| Noncurrent Liabilities | | | | |
| Compensated absences | \$ 150,520 | \$ 159,104 | 309,624 | \$ 268,139 |
| Leases payable | 26,300 | 103,600 | 129,900 | 72,993 |
| Claims payable | - | - | - | - |
| Customer deposits | - | 340,090 | 340,090 | 330,891 |
| Bonds payable | - | 2,432,000 | 2,432,000 | 2,895,000 |
| Total Noncurrent Liabilities | <u>\$ 176,820</u> | <u>\$ 3,034,794</u> | <u>\$ 3,211,614</u> | <u>\$ 3,567,023</u> |
| TOTAL LIABILITIES | <u>\$ 538,852</u> | <u>\$ 4,355,387</u> | <u>\$ 4,894,239</u> | <u>\$ 5,304,910</u> |
| NET ASSETS | | | | |
| Invested in capital assets, net of related debt | \$ 5,842,200 | \$ 8,044,236 | \$ 13,886,436 | \$ 13,441,783 |
| Restricted for | | | | |
| Debt service | - | 813,544 | 813,544 | 721,166 |
| Customer deposits | - | 337,557 | 337,557 | 358,394 |
| Other purposes | 85,226 | - | 85,226 | 84,668 |
| Unrestricted | 829,302 | 1,079,321 | 1,908,623 | 2,400,327 |
| TOTAL NET ASSETS | <u>\$ 6,756,728</u> | <u>\$ 10,274,658</u> | <u>\$ 17,031,386</u> | <u>\$ 17,006,338</u> |

The accompanying notes are an integral part of this statement

CITY OF RAYNE, LOUISIANA

STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2012

| Functions/Programs | Program Revenues | | | | Net (Expenses) Revenues and Changes of Primary Government | | | |
|--|----------------------|-------------------------|--|-----------------------------------|--|-----------------------------|----------------------------|-----------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants & Contributions | Governmental Activities | Business-type Activities | Total (Memorandum Only) | |
| | | | | | | | 2012 | 2011 |
| Government Activities | | | | | | | | |
| General government | \$ 1,365,539 | \$ 296,639 | \$ 23,000 | \$ 89,901 | \$ (955,999) | \$ - | \$ (955,999) | \$ (938,269) |
| Public safety | 1,739,485 | 242,890 | 26,468 | 3,600 | (1,466,527) | - | (1,466,527) | (1,385,629) |
| Public works | 1,126,269 | - | - | - | (1,126,269) | - | (1,126,269) | (598,026) |
| Storm related expenses | 796 | - | - | - | (796) | - | (796) | (272,420) |
| Cultural and recreation | 697,868 | 86,609 | - | 58,158 | (553,101) | - | (553,101) | (347,816) |
| Community development | 369,736 | - | 370,158 | - | 422 | - | 422 | (354,907) |
| Interest on long-term debt | 2,872 | - | - | - | (2,872) | - | (2,872) | (4,491) |
| Total government activities | \$ 5,302,565 | \$ 626,138 | \$ 419,626 | \$ 151,659 | \$ (4,105,142) | \$ - | \$ (4,105,142) | \$ (3,901,558) |
| Business-type activities | | | | | | | | |
| City water and lights | \$ 7,439,958 | \$ 7,841,953 | \$ - | \$ - | - | \$ 401,995 | \$ 401,995 | \$ 619,638 |
| Sewerage | 789,446 | 829,295 | - | - | - | 39,849 | 39,849 | 146,692 |
| Storm related expenses | 33,262 | - | - | - | - | (33,262) | (33,262) | (171,322) |
| Total business-type activities | \$ 8,262,666 | \$ 8,671,248 | \$ - | \$ - | \$ - | \$ 408,582 | \$ 408,582 | \$ 595,008 |
| Total Primary Government | \$ 13,565,231 | \$ 9,297,386 | \$ 419,626 | \$ 151,659 | \$ (4,105,142) | \$ 408,582 | \$ (3,696,560) | \$ (3,306,550) |
| General Revenues and Transfers | | | | | | | | |
| Property taxes levied for general purpose | | | | | \$ 211,357 | \$ - | \$ 211,357 | \$ 213,043 |
| Property taxes levied for youth recreation | | | | | 149,222 | - | 149,222 | 150,026 |
| Sales taxes levied for general purposes - Beer & Sales | | | | | 1,996,113 | - | 1,996,113 | 1,884,136 |
| Franchise taxes | | | | | 110,105 | - | 110,105 | 121,286 |
| Insurance claims | | | | | - | - | - | 333,523 |
| Gaming revenues | | | | | 346,128 | - | 346,128 | 491,544 |
| Grants and contributions not restricted to specific programs | | | | | | 29,800 | 29,800 | - |
| Investment earnings | | | | | 2,607 | 10,342 | 12,949 | 15,919 |
| Other general revenues | | | | | 197,004 | 668,930 | 865,934 | 699,383 |
| Transfers | | | | | 600,000 | (600,000) | - | - |
| Total General Revenues and Transfers | | | | | \$ 3,612,536 | \$ 109,072 | \$ 3,721,608 | \$ 3,908,860 |
| Change in Net Assets | | | | | (492,606) | 517,654 | 25,048 | 602,310 |
| Prior Period Adjustment | | | | | | - | - | 57,583 |
| Net assets-beginning | | | | | 7,249,334 | 9,757,004 | 17,006,338 | 16,346,445 |
| Net assets-ending | | | | | \$ 6,756,728 | \$ 10,274,658 | \$ 17,031,386 | \$ 17,006,338 |

The accompanying notes are an integral part of this statement

Fund Financial Statements (FFS)

Major Fund Descriptions

General Fund

To account for resources traditionally associated with governments which are not required to be accounted for in another fund.

Sales Tax Fund

To account for the collection and disbursement of the City's two percent (2%) sales and use tax.

City, Water and Light Plant Fund (Utility Fund)

To account for the provision of electricity and water services to the residents of the City and some residents of the Parish. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administrative, maintenance, financing and related debt service and billing and collection.

Sewer Fund

To account for the provision of wastewater treatment services to the residents of the City and some residents of the Parish. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administrative maintenance, financing and related debt service, and billing and collection.

CITY OF RAYNE, LOUISIANA

BALANCE SHEET

For the Year Ended September 30, 2012

| | GENERAL FUND | SALES TAX FUND | OTHER GOVERNMENTAL FUNDS | TOTAL GOVERNMENTAL FUNDS (Memorandum Only) | |
|--|-------------------|-------------------|--------------------------------|---|---------------------|
| | | | | 2012 | 2011 |
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 724,853 | \$ 307,201 | \$ 111,979 | \$ 1,144,033 | \$ 1,109,490 |
| Investments | - | - | 135,735 | 135,735 | 77,718 |
| Due from other funds | 57,961 | - | - | 57,961 | 342,853 |
| Other receivables | 61,654 | 66,723 | - | 128,377 | 398,499 |
| TOTAL ASSETS | \$ 844,468 | \$ 373,924 | \$ 247,714 | \$ 1,466,106 | \$ 1,928,560 |
| LIABILITIES & FUND BALANCES | | | | | |
| Liabilities | | | | | |
| Accounts payable | \$ 185,987 | \$ - | \$ 2,496 | \$ 188,483 | \$ 344,895 |
| Accrued liabilities | 130,796 | 1,780 | 1,570 | 134,146 | 145,628 |
| Due to other funds | 12,726 | - | - | 12,726 | 14,120 |
| Due to other governments | 22,055 | - | - | 22,055 | 22,055 |
| Deferred revenues | 3,541 | - | - | 3,541 | 3,541 |
| Other liabilities | 11,286 | - | 2,521 | 13,807 | 13,124 |
| TOTAL LIABILITIES | \$ 366,391 | \$ 1,780 | \$ 6,587 | \$ 374,758 | \$ 543,363 |
| Fund Balance | | | | | |
| Restricted | \$ - | \$ - | \$ 85,226 | \$ 85,226 | \$ 84,668 |
| Assigned | - | 372,144 | 155,901 | 528,045 | 104,673 00 |
| Unassigned | 478,077 | - | - | 478,077 | 1,195,856 |
| TOTAL FUND BALANCE | \$ 478,077 | \$ 372,144 | \$ 241,127 | \$ 1,091,348 | \$ 1,385,197 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 844,468 | \$ 373,924 | \$ 247,714 | \$ 1,466,106 | \$ 1,928,560 |

The accompanying notes are an integral part of this statement

CITY OF RAYNE, LOUISIANA

Reconciliation of The Governmental Funds Balance Sheet
to the Government-Wide Financial Statement of Net Assets
For the Year Ended September 30, 2012

| | | |
|--|--------------------|----------------------------|
| Total Fund Balances for governmental funds at September 30, 2012 | | \$ 1,091,348 |
| Capital assets used in governmental activities that are not financial resources and, therefore, are not reported in the governmental funds. Those assets consist of: | | |
| Governmental capital assets | \$ 12,266,362 | |
| Less: Accumulated depreciation | <u>(6,424,162)</u> | 5,842,200 |
| Construction in Progress | | - |
| Long-term liabilities including bonds payable are not due and payable in the current period and, therefore, are not reported in the governmental funds: | | |
| Bonds, notes, and loans payable | \$ - | |
| Lease payable | (26,300) | |
| Compensated absences | <u>(150,520)</u> | (176,820) |
| Net Assets of Governmental Activities at September 30, 2012 | | <u><u>\$ 6,756,728</u></u> |

The accompanying notes are an integral part of this statement

CITY OF RAYNE, LOUISIANA

STATEMENT OF REVENUES EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2012

| | GENERAL FUND | SALES TAX FUND | OTHER GOVERNMENTAL FUNDS | TOTAL GOVERNMENTAL FUNDS (Memorandum Only) | |
|--|-----------------------|-----------------------|--------------------------------|---|---------------------|
| | | | | 2012 | 2011 |
| REVENUES | | | | | |
| Taxes | | | | | |
| Ad valorem | \$ 211,357 | \$ - | \$ 149,222 | \$ 360,579 | \$ 363,069 |
| Sales and use | - | 1,979,813 | - | 1,979,813 | 1,867,172 |
| Other taxes | 110,105 | - | - | 110,105 | 121,286 |
| Licenses and permits | 296,639 | - | - | 296,639 | 337,547 |
| Intergovernmental revenues | 408,778 | - | - | 408,778 | 553,845 |
| Federal grants | - | - | 370,158 | 370,158 | 344,193 |
| State grants | 119,969 | - | 58,158 | 178,127 | 394,108 |
| Charges for services | 30,045 | - | 56,564 | 86,609 | 94,598 |
| Fines and forfeitures | 194,663 | - | - | 194,663 | 113,128 |
| Investment earnings | 1,690 | 258 | 659 | 2,607 | 2,702 |
| Other revenues | 177,830 | - | 44,055 | 221,885 | 179,674 |
| Total Revenues | <u>\$ 1,551,076</u> | <u>\$ 1,980,071</u> | <u>\$ 678,816</u> | <u>\$ 4,209,963</u> | <u>\$ 4,371,322</u> |
| EXPENDITURES | | | | | |
| General government | \$ 1,278,884 | \$ 79,535 | \$ - | \$ 1,358,419 | \$ 1,265,973 |
| Public safety | 1,695,511 | - | - | 1,695,511 | 1,632,344 |
| Public works | 898,565 | - | - | 898,565 | 767,376 |
| Public works - Storm related expenses | 796 | - | - | 796 | 272,420 |
| Cultural and recreation | 459,142 | - | 277,751 | 736,893 | 649,511 |
| Urban redevelopment and housing | - | - | 369,736 | 369,736 | 354,907 |
| Debt service | | | | | |
| Principal retirement | - | - | 38,863 | 38,863 | 37,244 |
| Interest and fiscal charges | - | - | 5,029 | 5,029 | 7,277 |
| Total Expenditures | <u>\$ 4,332,898</u> | <u>\$ 79,535</u> | <u>\$ 691,379</u> | <u>\$ 5,103,812</u> | <u>\$ 4,987,052</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>\$ (2,781,822)</u> | <u>\$ 1,900,536</u> | <u>\$ (12,563)</u> | <u>\$ (893,849)</u> | <u>\$ (615,730)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Proceeds from Issuance of debt | \$ - | \$ - | \$ - | \$ - | \$ - |
| Transfers in | 2,300,000 | - | 41,735 | 2,341,735 | 2,341,735 |
| Transfers out | (41,735) | (1,700,000) | - | (1,741,735) | (1,791,735) |
| Payment to refunded debt | - | - | - | - | - |
| Service agent | - | - | - | - | - |
| Total Other Financing Sources and Uses | <u>\$ 2,258,265</u> | <u>\$ (1,700,000)</u> | <u>\$ 41,735</u> | <u>\$ 600,000</u> | <u>\$ 550,000</u> |
| Net Change in Fund Balance | <u>\$ (523,557)</u> | <u>\$ 200,536</u> | <u>\$ 29,172</u> | <u>\$ (293,849)</u> | <u>\$ (65,730)</u> |
| Fund balances - beginning | 1,001,634 | 171,608 | 211,955 | 1,385,197 | 1,450,927 |
| Prior period adjustment | - | - | - | - | - |
| Fund balances - ending | <u>\$ 478,077</u> | <u>\$ 372,144</u> | <u>\$ 241,127</u> | <u>\$ 1,091,348</u> | <u>\$ 1,385,197</u> |

The accompanying notes are an integral part of this statement

CITY OF RAYNE, LOUISIANA

Reconciliation of The Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds To the Statement of Activities

For the Year Ended September 30, 2012

| | | |
|--|------------------|---------------------|
| Total net changes in fund balances at September 30, 2012 for statement of revenues, expenditures and changes in fund balances | | \$ (293,849) |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Capital outlay which is considered expenditures on statement of revenues, expenditures and charges in fund balances | \$ 178,902 | |
| Depreciation expense for the period ended September 30, 2012 | <u>(363,188)</u> | (184,286) |
| In the statement of activities, only the gain or loss on the sale of assets is reported. Whereas, in the government funds, the proceeds from the sale increases financial resources | | |
| Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds | | |
| Increase in Compensated Allowances | | (36,702) |
| Transfer of Assets to Proprietary Fund | | - |
| Disposal of Assets | | (16,632) |
| Miscellaneous Adjustment | | - |
| Governmental funds report bonded debt repayments as expenditures. However, this expenditure does not appear in the statement of activities since the payment is applied against the bond payable balance on the statement of net assets | | |
| Bond principal retirement | \$ - | |
| Lease payment | <u>38,863</u> | <u>38,863</u> |
| Total changes in net assets at September 30, 2012 for statement of activities | | <u>\$ (492,606)</u> |

The accompanying notes are an integral part of this statement

CITY OF RAYNE, LOUISIANA

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
For the Year Ended September 30, 2012

| | BUSINESS-TYPE ACTIVITIES Enterprise Funds | | Total (Memorandum Only) | |
|--|--|---------------------|----------------------------|----------------------|
| | UTILITY FUND | SEWER FUND | 2012 | 2011 |
| ASSETS | | | | |
| Current Assets | | | | |
| Cash and cash equivalents | \$ 832,043 | \$ 74,167 | \$ 906,210 | \$ 1,097,206 |
| Investments | - | - | - | - |
| Receivables (net of allowances for uncollectibles) | 1,037,913 | 295,127 | 1,333,040 | 1,432,963 |
| Due from other funds | 19,374 | - | 19,374 | 6,170 |
| Inventory | 233,356 | 2,093 | 235,449 | 217,177 |
| Prepaid items | 58,553 | - | 58,553 | 62,266 |
| Other assets | 10,000 | 41,691 | 51,691 | 49,586 |
| Total Current Assets | \$ 2,191,239 | \$ 413,078 | \$ 2,604,317 | \$ 2,865,368 |
| Non-Current Assets | | | | |
| Restricted Assets | | | | |
| Cash | \$ 30,013 | \$ - | \$ 30,013 | \$ 20,839 |
| Customer deposits | 307,544 | - | 307,544 | 337,555 |
| Investments at cost | - | - | - | - |
| Bond reserve account | 71,757 | 741,787 | 813,544 | 721,166 |
| Capital assets net of accumulated depreciation | 4,565,733 | 6,373,503 | 10,939,236 | 10,743,668 |
| Total Non-Current Assets | \$ 4,975,047 | \$ 7,115,290 | \$ 12,090,337 | \$ 11,823,228 |
| TOTAL ASSETS | \$ 7,166,286 | \$ 7,528,368 | \$ 14,694,654 | \$ 14,688,596 |
| LIABILITIES | | | | |
| Current Liabilities | | | | |
| Accounts payable | \$ 616,902 | \$ 67,883 | \$ 684,785 | \$ 627,773 |
| Accrued liabilities | 74,897 | 13,553 | 88,450 | 90,316 |
| Due to other funds | 14,120 | 50,489 | 64,609 | 334,903 |
| Other liabilities | 40,558 | - | 40,558 | 40,558 |
| Current lease payable | 43,800 | - | 43,800 | - |
| Payable from restricted assets | | | | |
| Customer deposits | 340,090 | - | 340,090 | 330,891 |
| Revenue bonds | 88,000 | 375,000 | 463,000 | 450,000 |
| Total Current Liabilities | \$ 1,218,367 | \$ 506,925 | \$ 1,725,292 | \$ 1,874,441 |
| Non-Current Liabilities | | | | |
| Compensated absences | \$ 159,104 | \$ - | \$ 159,104 | \$ 154,321 |
| Leases payable | 103,600 | - | 103,600 | 7,830 |
| General obligation bonds | - | - | - | - |
| Revenue bonds | 827,000 | 1,605,000 | 2,432,000 | 2,895,000 |
| Total Non-Current Liabilities | \$ 1,089,704 | \$ 1,605,000 | \$ 2,694,704 | \$ 3,057,151 |
| TOTAL LIABILITIES | \$ 2,308,071 | \$ 2,111,925 | \$ 4,419,996 | \$ 4,931,592 |
| NET ASSETS | | | | |
| Invested in capital assets, net of related debt | \$ 3,650,733 | \$ 4,393,503 | \$ 8,044,236 | \$ 7,398,668 |
| Restricted for debt service | 71,757 | 741,787 | 813,544 | 536,223 |
| Restricted for customer deposits | 337,557 | - | 337,557 | 337,555 |
| Unrestricted | 798,168 | 281,153 | 1,079,321 | 1,484,558 |
| TOTAL NET ASSETS | \$ 4,858,215 | \$ 5,416,443 | \$ 10,274,658 | \$ 9,757,004 |

The accompanying notes are an integral part of this statement

CITY OF RAYNE, LOUISIANA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
 PROPRIETARY FUNDS
 For the Year Ended September 30, 2012

| | BUSINESS-TYPE ACTIVITIES | | Total | |
|--|--------------------------|---------------|-------------------|--------------|
| | Enterprise Funds | | (Memorandum Only) | |
| | UTILITY FUND | SEWER FUND | 2012 | 2011 |
| Operating Revenues | | | | |
| Charges for services | | | | |
| Electricity sales | \$ 7,250,005 | \$ - | \$ 7,250,005 | \$ 7,910,592 |
| Sewer charges | - | 829,295 | 829,295 | 864,978 |
| Water sales | 591,948 | - | 591,948 | 596,828 |
| Other services | 464,522 | - | 464,522 | 516,959 |
| Total Operating Revenues | \$ 8,306,475 | \$ 829,295 | \$ 9,135,770 | \$ 9,889,357 |
| Operating Expenses | | | | |
| Electric generating | \$ 4,831,845 | \$ - | \$ 4,831,845 | \$ 5,445,868 |
| Electric distribution | 383,916 | - | 383,916 | 337,948 |
| Water department | 294,205 | - | 294,205 | 303,028 |
| Water treatment plant | 337,529 | - | 337,529 | 388,951 |
| Overhead | 1,514,013 | - | 1,514,013 | 1,457,559 |
| Warehouse | 47,326 | - | 47,326 | 49,557 |
| Sewer department | - | 725,734 | 725,734 | 700,813 |
| Total Operating Expenses | \$ 7,408,834 | \$ 725,734 | \$ 8,134,568 | \$ 8,683,724 |
| Operating Income | \$ 897,641 | \$ 103,561 | \$ 1,001,202 | \$ 1,205,633 |
| Nonoperating Revenues (Expenses) | | | | |
| Intergovernmental | | | | |
| State | \$ 28,000 | 1,800 | \$ 29,800 | \$ 173,471 |
| Interest earnings | 4,182 | 6,160 | 10,342 | 13,217 |
| Interest expense | (31,124) | (63,712) | (94,836) | (95,815) |
| Storm related expenses | (1,618) | (31,644) | (33,262) | -171,322 |
| Insurance claims | - | - | - | 333,523 |
| Miscellaneous | 11,031 | 193,377 | 204,408 | 36,076 |
| Total Nonoperating Revenues (Expenses) | \$ 10,471 | \$ 105,981 | \$ 116,452 | \$ 289,150 |
| Income Before Contributions and Transfers | \$ 908,112 | \$ 209,542 | \$ 1,117,654 | \$ 1,494,783 |
| Capital Contributions | | | | |
| Transfers in | \$ - | \$ 14,390 | \$ 14,390 | \$ 707,552 |
| Transfers out | (614,390) | - | (614,390) | (600,000) |
| Total Transfers and Contributions | \$ (614,390) | \$ 14,390 | \$ (600,000) | \$ 107,552 |
| Change in Net Assets | \$ 293,722 | \$ 223,932 | \$ 517,654 | \$ 1,602,335 |
| Prior Period Adjustment | - | - | - | 57,583.00 |
| Total Net Assets - Beginning | 4,564,488 | 5,192,516 | 9,757,004 | 8,097,086 |
| Total Net Assets - Ending | \$ 4,858,210 | \$ 5,416,448 | \$ 10,274,658 | \$ 9,757,004 |

The accompanying notes are an integral part of this statement

CITY OF RAYNE, LOUISIANA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended September 30, 2012

| | Business-Type Activities Enterprise Funds | | Total (Memorandum Only) | |
|--|--|---------------------|----------------------------|-----------------------|
| | UTILITY | SANITATION | 2012 | 2011 |
| Cash flows from operating activities | | | | |
| Cash received from customers | \$ 8,039,885 | \$ 830,710 | \$ 8,870,595 | \$ 9,407,509 |
| Cash payment to suppliers for goods and services | (5,858,983) | (337,845) | (6,196,828) | (7,502,249) |
| Cash payments to employees for services | (1,007,871) | (163,523) | (1,171,394) | (1,164,309) |
| Other operating revenues | 279,985 | - | 279,985 | 332,146 |
| Net cash provided by operating activities | <u>\$ 1,453,016</u> | <u>\$ 329,342</u> | <u>\$ 1,782,358</u> | <u>\$ 1,523,097</u> |
| Cash flows from non-capital financing activities. | | | | |
| Operating transfers-out to other funds | \$ (614,390) | \$ - | \$ (614,390) | \$ (600,000) |
| Operating transfers-in from other funds | - | 14,390 | 14,390 | 707,552 |
| Other non-operating revenue | 8,512 | 161,732 | 170,244 | 312,659 |
| Grants | 28,000 | 1,800 | 29,800 | 173,471 |
| Amounts (to) from other funds | (320,772) | 50,478 | (270,294) | (428,423) |
| Net receipts (payments) of customers' deposits | <u>9,199</u> | <u>-</u> | <u>9,199</u> | <u>11,115</u> |
| Net cash used for non-capital financing activities | <u>\$ (889,451)</u> | <u>\$ 228,400</u> | <u>\$ (661,051)</u> | <u>\$ 176,374</u> |
| Cash flows from capital and related financing activities | | | | |
| Capital Lease | \$ 139,570 | \$ - | \$ - | \$ - |
| Principal note/lease payments | (36,342) | - | (36,342) | (31,320) |
| Acquisition and construction of capital assets | (452,125) | (358,001) | (810,126) | (769,778) |
| Principal paid on revenue bonds | (85,000) | (365,000) | (450,000) | (710,000) |
| Interest paid on revenue bonds | <u>(31,124)</u> | <u>(63,712)</u> | <u>(94,836)</u> | <u>(95,815)</u> |
| Net cash used for capital and related financing activities | <u>\$ (465,021)</u> | <u>\$ (786,713)</u> | <u>\$ (1,391,304)</u> | <u>\$ (1,606,913)</u> |

The accompanying notes are an integral part of this statement

CITY OF RAYNE, LOUISIANA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended September 30, 2012

| | Business-Type Activities Enterprise Funds | | Total (Memorandum Only) | |
|--|--|-------------------|----------------------------|---------------------|
| | UTILITY | SANITATION | 2012 | 2011 |
| Cash flows from investing activities | | | | |
| Net investment activity | \$ (50,290) | \$ (20,621) | \$ (70,911) | \$ (121,490) |
| Interest on investments | 4,182 | 6,160 | 10,342 | 13,216 |
| Net cash provided (used) by investing activities | \$ (46,108) | \$ (14,461) | \$ (60,569) | \$ (108,274) |
| Net increase (decrease) in cash | \$ 52,436 | \$ (243,432) | \$ (190,996) | \$ 984,419 |
| Cash, beginning of year | 779,607 | 317,599 | 1,097,206 | 112,787 |
| Cash, end of year | <u>\$ 832,043</u> | <u>\$ 74,167</u> | <u>\$ 906,210</u> | <u>\$ 1,097,206</u> |
| Reconciliation of Operating Income to Net Cash Provided by Operating Activities | | | | |
| Operating income | <u>\$ 897,646</u> | <u>\$ 103,561</u> | <u>\$ 1,001,207</u> | <u>\$ 1,205,633</u> |
| Adjustments to reconcile operating income to net cash provided by operating activities | | | | |
| Depreciation | \$ 282,642 | \$ 331,915 | \$ 614,557 | \$ 627,799 |
| Net provision for uncollectible accounts | 45,683 | 7,809 | 53,492 | 25,317 |
| Changes in assets and liabilities | | | | |
| Decrease (Increase) in receivables | 170,587 | (124,156) | 46,431 | (303,448) |
| Decrease (Increase) in inventory | 18,305 | 33 | 18,338 | 14,250 |
| Decrease (Increase) in prepaid expenses | 3,713 | - | 3,713 | 3,713 |
| Decrease (Increase) in other assets | (15,309) | - | (15,309) | 45,149 |
| (Decrease) Increase in accounts payable | 47,744 | 9,268 | 57,012 | (32,258) |
| (Decrease) Increase in other payables | 2,005 | 912 | 2,917 | 2,921 |
| Total adjustments | <u>\$ 555,370</u> | <u>\$ 225,781</u> | <u>\$ 781,151</u> | <u>\$ 383,443</u> |
| Net cash provided by operating activities | <u>\$ 1,453,016</u> | <u>\$ 329,342</u> | <u>\$ 1,782,358</u> | <u>\$ 1,523,097</u> |

The accompanying notes are an integral part of this statement

CITY OF RAYNE, LOUISIANA

Notes to the Basic Financial Statements

Note 1 Summary of Significant Accounting Policies

The accompanying financial statements of the City of Rayne, Louisiana have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

A Financial Reporting Entity

The City of Rayne was incorporated on May 2, 1883, under the provisions of the Lawrason Act. The City operates under a Mayor-Board of Alderman form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, sanitation, health and social services, culture-recreation, public improvements, planning and zoning, and general administrative services.

As the municipal governing authority for financial reporting purposes, the City of Rayne is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (municipality), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the City of Rayne for financial reporting purposes. The basic criteria for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority for an organization's governing body, and
 - a. The ability of the municipality to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the municipality
2. Organizations for which the municipality does not appoint a voting majority but are fiscally dependent on the municipality
3. Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature of significance of the relationship

Based on the previous criteria, the City has determined that the following are component units:

1. Rayne City Court is fiscally dependent on the City for office space and courtrooms. The City also has authority over its budget. The Rayne City Court's fiscal year end is September 30, 2012. A copy of the Rayne City Court's audit can be obtained by sending a request to Rayne City Court, Post Office Box 61, Rayne, LA 70578.

CITY OF RAYNE, LOUISIANA

Notes to the Basic Financial Statements

- 2 Rayne Marshal's Fund is fiscally dependent on the City for office space. The Marshal's Fund year end is September 30, 2012 and a copy of this report can be obtained by sending a request to Rayne Marshal's Fund, Post Office Box 61, Rayne, LA 70578

The City of Rayne Housing Authority was chartered by the City and is a related organization since the Mayor appoints a voting majority of the Housing Authority's governing board. The City of Rayne is not financially accountable for the Housing Authority, it cannot impose its will on the Housing Authority, and there is no potential for the Housing Authority to provide financial benefit or impose financial burdens on the City of Rayne. Therefore, the Housing Authority has not been included in the reporting entity.

The City has chosen to issue financial statements of the primary government only, therefore, none of the previously listed component units are included in the accompanying financial statements. Financial statements for these component units can be obtained from the individual component units.

These primary government financial statements include all major funds, aggregate non-major funds, and organizations for which the City maintains the accounting records.

GASB Statement 14 provides for the issuance of primary government financial statements that are separate from those of the reporting entity. However, the primary government's financial statements are not a substitute for the reporting entity's financial statements. The City has chosen to issue financial statements of the primary government only. As such, these financial statements are not intended to and do not report on the reporting entity but rather are intended to reflect only the financial statements of the primary government.

Management's Discussion and Analysis

GASB Statement No. 34 requires that financial statements be accompanied by a narrative introduction and analytical overview of the government's financial activities in the form of "Management's Discussion and Analysis" (MD&A). This analysis is similar to the analysis the private sector provides in their annual reports.

B Basis of Presentation

Government-Wide Financial Statements (GWFS)

The government-wide financial statements, the statement of net assets and the statement of changes in net assets, report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities presents a comparison between direct expenses and program revenues for the business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function. Program revenues include (1) fees, fines, and charges paid by the recipients of goods or services offered by the programs, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

CITY OF RAYNE, LOUISIANA

Notes to the Basic Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Fund Financial Statements (FFS)

The accounts of the City of Rayne are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The various funds of the City are classified into two categories: governmental and proprietary. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The major funds of the City are described below:

Governmental Funds -

General Fund

The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Sales Tax Fund

The sales tax fund accounts for the collection and disbursement of the City's two percent (2%) sales and use tax.

Proprietary Funds -

The City reports the following major enterprise fund:

Utility Fund

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City of Rayne's enterprise funds consist of the utility and sewer funds.

CITY OF RAYNE, LOUISIANA

Notes to the Basic Financial Statements

Additionally, the City reports the following fund types

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts of major capital projects) that are legally restricted to expenditures for specific purposes

Debt Service Funds

Debt service funds are used to account for the accumulation of resources for, and payment of, general long-term debt principal, interest, and related costs

C Measurement Focus/Basis of Accounting

Measurement Focus

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet in the funds statements. Long-term assets and long-term liabilities are included in the government-wide statements. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in the net current assets.

On the government-wide statements of net assets and statements of activities, both the governmental and business type activities are presented using the economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these activities are included on the balance sheet. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

Basis of Accounting

The statements of net assets, statements of activities, and financial statements of the proprietary funds are presented on the accrual basis of accounting. Under this method of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred without regard to receipt or disbursement of cash. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded when payment is due.

D Assets, Liabilities and Equity

Cash and Interest Bearing Deposits

The City of Rayne's cash and cash equivalents consist of cash on hand and amounts in demand deposit accounts and interest bearing demand deposits. Investments consist of passbook savings accounts, and certificates of deposit of the City.

CITY OF RAYNE, LOUISIANA

Notes to the Basic Financial Statements

Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net assets. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Receivables

In the government wide statements, receivables consist of revenues earned but not yet received at year-end. For governmental activities the major receivable balances at year-end are receivables from governmental units. Business type activities report customer's utility and sewer service receivables as the major receivables. Uncollectible amounts due for customers' utility receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. The allowance for uncollectibles for customers' utility and sewer receivables was \$692,785 and \$ 639,293 at September 30, 2012 and 2011, respectively.

Inventory and Prepaid Items

Inventories in the proprietary fund are valued at cost, which approximates market using the first-in/first-out (FIFO) method. The costs of governmental fund type inventories are recorded as expenditures when purchased rather than when consumed. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Restricted Assets

Restricted assets include cash and interest-bearing deposits of the proprietary fund that are legally restricted as to their use. The restricted assets are related to the revenue bond accounts and utility meter deposits.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The City of Rayne maintains a threshold level of \$2,000 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

| | |
|-------------------------------|-------------|
| Buildings | 40 years |
| Equipment | 5-20 years |
| Utility System & Improvements | 20-40 years |
| Infrastructure | 20-40 years |

CITY OF RAYNE, LOUISIANA

Notes to the Basic Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Long-term debt

In the government-wide statements, all long-term debt is reported as liabilities and is repaid from governmental and business-type resources. The long-term debt consists mainly of general obligation bonds, revenue bonds, and utility meter deposits.

In the fund financial statements, the long-term debt for governmental funds is not reported as liabilities. The debt proceeds are reported as other financing sources and payment of principal and interest is reported as expenditures. The accounting for proprietary fund long-term debt is the same in the fund statements as it is in the government-wide statements.

Compensated Absences

City employees are entitled to certain compensated absences based upon their length of service. Annual leave shall be earned by regular employees based on continuous service as indicated by the following:

- a Less than seven months, no credit
- b Seven months but less than twelve months, ½ day per month
- c One year but less than seven years, twelve days per year
- d Seven years but less than fourteen years, fifteen days per year
- e Fourteen years or more of service, eighteen days per year

No annual leave shall be earned while an employee is on leave of absence without pay or during a period of suspension. The maximum amount of annual leave that is allowed to be carried forward is one year of earned leave plus one-third of earned annual leave.

Sick leave is accumulated based on continuous employment in the amount of one day per month beginning with the seventh month of employment. Upon termination, employees are paid for all annual leave. Sick leave is forfeited upon termination of employment. A retiring employee, at his election, may use accrued sick leave towards extension of his retirement date. Since sick leave only vests upon retirement, an accrual is made only when an employee is eligible for retirement. The total accrued sick leave is \$491,535.

Equity Classifications

In the government-wide statements, equity is classified as net assets and displayed in three components:

- a Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b Restricted net assets – Consists of net assets with constraints placed on the use by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.

CITY OF RAYNE, LOUISIANA

Notes to the Basic Financial Statements

- c Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt ”

In the fund statements, governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

Beginning with the fiscal year 2011, the City adopted GASB Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions.” This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balance more transparent. As such, fund balances of the governmental funds are classified as follows:

Nonspendable - funds that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – funds that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – funds that are constrained by limitations that the government imposes on itself. These amounts are imposed at the highest level of authority. The Council is the highest level of decision making authority for the City. These amounts are binding unless removed in the same manner that it was imposed and any action must be taken prior to year-end.

Assigned - funds whose intended use has been established. These amounts can be, but are not required to be, imposed at the highest level of authority. For the City, this is the Council. They do not have to be binding and action does not have to be taken prior to year-end.

Unassigned – all other spendable amounts.

Fund balances for the periods ending September 30, 2011 and September 30, 2012:

| For year ended September 30, 2011 | | | | | For year ended September 30, 2012 | | | | |
|-----------------------------------|--------------|----------------|--------------------------|--------------|-----------------------------------|--------------|----------------|--------------------------|--------------|
| | General Fund | Sales Tax Fund | Other Governmental Funds | Total | | General Fund | Sales Tax Fund | Other Governmental Funds | Total |
| Restricted | \$ - | \$ - | \$ 84,668 | \$ 84,668 | Restricted | \$ - | \$ - | \$ 85,226 | \$ 85,226 |
| Assigned | | | 104,673 | 104,673 | Assigned | - | 372,144 | 155,901 | 528,045 |
| Unassigned | 1,001,634 | 171,608 | 22,614 | 1,195,856 | Unassigned | 478,077 | - | - | 478,077 |
| Total Fund Balances | \$ 1,001,634 | \$ 171,608 | \$ 211,955 | \$ 1,385,197 | Total Fund Balances | \$ 478,077 | \$ 372,144 | \$ 241,127 | \$ 1,091,348 |

The City of Rayne considers restricted fund balances to be spent for governmental expenditures first when both restricted and unrestricted resources are available. The City also considers committed fund balances to be spent first out of committed funds, then assigned funds, and finally unassigned fund, as needed, unless the Council has provided otherwise in its commitment or assignment actions when other unrestricted fund balances classifications are available for use.

CITY OF RAYNE, LOUISIANA

Notes to the Basic Financial Statements

E Revenues, Expenditures, and Expenses

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities. In the fund financial statements, the governmental funds expenditures are classified by function and the proprietary fund expenditures are classified by operating and nonoperating.

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

Interfund Transfers

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

F Budget and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- 1 Prior to September 1, the City Clerk prepares a proposed budget and submits this budget to the Mayor and the Board of Aldermen no later than 15 days prior to the beginning of each fiscal year. The proposed budget for the year ended September 30, 2012 was submitted to the City Council on August 8, 2011.
- 2 A summary of the proposed budget is published and the public is notified that the proposed budget is available for inspection. At the same time, a public hearing is called. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
- 3 After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted. The proposed budget for the year ended September 30, 2012 was adopted as Ordinance No. 1046 on September 13, 2011.
- 4 Budgetary amendments involving the transfer of funds from one department, program, or function to another, or involving increases in expenditures resulting from revenues exceeding amounts estimated, require the approval of the Board of Aldermen. The budget for the year ended September 30, 2012 was amended on September 10, 2012.
- 5 All budgetary appropriations lapse at the end of each fiscal year.
- 6 Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as amended by the Board of Aldermen.

CITY OF RAYNE, LOUISIANA

Notes to the Basic Financial Statements

G Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of the assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Note 2 Cash and Interest-Bearing Deposits

Under state law, the City may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The City may invest in certificates and time deposits of the state banks organized under Louisiana law and national banks having principal offices in Louisiana. At September 30, 2012, the City had cash and interest-bearing deposits (bank balances) as follows:

| | |
|---|---------------------|
| Demand Deposits and Interest Bearing | |
| Demand Deposits | \$ 2,155,892 |
| Passbook savings, Money | |
| Market accounts and | |
| Time Deposits | <u>1,256,888</u> |
| Total Bank Balances | <u>\$ 3,412,780</u> |
| Securities pledged and held | |
| by the custodial bank's agent in the | |
| name of the City | \$ 3,320,000 |
| FDIC Insurance | <u>750,000</u> |
| Total Pledged Securities and FDIC Insurance | <u>\$ 4,070,000</u> |
| Excess of pledged securities and FDIC Insurance | |
| over cash and cash equivalents | <u>\$ 657,220</u> |

These deposits are stated at cost, which approximates market. Under state law, these deposits (or resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At September 30, 2012 the carrying amount of the City's deposits was \$3,335,835 and the bank balance was \$3,412,780. The City's total bank balances were fully insured and collateralized with securities held in the name of the City by the pledging financial institution's agent and, therefore, they were not exposed to custodial credit risk.

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the City's deposits may not be recovered or the City will not be able to recover collateral securities that are in the possession of an outside party. These deposits are stated at cost, which approximates market. As of September 30, 2012, the City's total bank balances were fully insured and collateralized with securities held in the name of the City by the pledging financial institution's agent and, therefore, not exposed to custodial credit risk.

Note 3 Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the City on October 1 and payable on December 31. Billed taxes become delinquent on January 1 of the following year. The City bills and collects its own property taxes using the assessed values determined by the tax assessor of Acadia Parish. City property taxes are budgeted in the year billed.

CITY OF RAYNE, LOUISIANA

Notes to the Basic Financial Statements

For the year ended September 30, 2012, taxes of 12 10 mills were levied on property with assessed valuations totaling \$29,844,448 and were dedicated as follows

| | |
|----------------------------|------------|
| General corporate purposes | 7 10 mills |
| Youth recreation | 5 00 mills |

Total taxes levied were \$360,579 There were no ad valorem taxes receivable at September 30, 2012

Note 4

Receivables

Receivables at September 30, 2012 totaled \$1,461,410 and consists of the following

| | General Fund | Enterprise Funds | Total |
|-------------------------------------|-------------------|---------------------|---------------------|
| Accounts Receivable | \$ - | \$ 2,025,825 | \$ 2,025,825 |
| Allowance for Uncollectible Amounts | - | 692,785 | 692,785 |
| Franchise Tax | 7,410 | - | 7,410 |
| City Fines | 13,329 | - | 13,329 |
| Video Poker | 32,958 | - | 32,958 |
| Sales Tax | 66,723 | - | 66,723 |
| Property Tax | - | - | - |
| State of Louisiana | - | - | - |
| Other Receivable | 7,957 | - | 7,957 |
| Totals | <u>\$ 128,377</u> | <u>\$ 1,333,040</u> | <u>\$ 1,461,417</u> |

Note 5

Due from Other Governmental Units

Amounts due from governmental units included in receivables at September 30, 2012 consisted of the following

| | |
|---|------------------|
| Amount due from the State of Louisiana for beer tax revenues earned during fiscal year ending September 30, 2012 | \$ 4,048 |
| Amount due from the State of Louisiana for video poker revenues earned during fiscal year ending September 30, 2012 | 32,958 |
| Amount due from Rayne City Court for fines | 13,329 |
| Amount due from Acadia Parish Sheriff's Office and Acadia Parish Police Jury | <u>3,902</u> |
| Total due from other governmental units | <u>\$ 54,237</u> |

Note 6

Restricted Assets – Proprietary Fund Type

Restricted assets consisted of the following at September 30, 2012

| | |
|------------------------------------|--------------------|
| Revenue bond reserve account (M&O) | \$ 71,757 |
| Revenue bond reserve accounts (SM) | 666,788 |
| Revenue contingency accounts (SM) | 75,000 |
| Customers' deposits (M&O) | <u>337,567</u> |
| Total restricted assets | <u>\$1,151,101</u> |

CITY OF RAYNE, LOUISIANA

Notes to the Basic Financial Statements

Note 7

Capital Assets

Capital asset activity for the year ended September 30, 2012 was as follows

| | Balance 10/01/2011 | Additions | Reductions | Balance 09/30/2012 |
|---|-----------------------|---------------------|--------------------|-----------------------|
| Governmental activities | | | | |
| Capital assets not being depreciated | | | | |
| Construction in Progress | \$ - | \$ - | \$ - | \$ - |
| Other capital assets | | | | |
| Buildings | 1,652,504 | - | (5,644) | 1,646,860 |
| Improvement other than buildings | 1,531,067 | 110,408 | (3,340) | 1,638,135 |
| Infrastructure | 7,487,942 | - | - | 7,487,942 |
| Equipment, furniture and fixtures | 945,325 | 36,694 | (18,484) | 963,535 |
| Vehicles | 522,360 | 31,800 | (24,270) | 529,890 |
| Total | <u>\$ 12,139,198</u> | <u>\$ 178,902</u> | <u>\$ (51,738)</u> | <u>\$ 12,266,362</u> |
| Less accumulated depreciation | | | | |
| Buildings | \$ 1,193,083 | \$ 30,903 | \$ (5,644) | \$ 1,218,342 |
| Improvements other than buildings | 809,559 | 52,531 | (1,812) | 860,278 |
| Infrastructure | 3,174,203 | 183,380 | - | 3,357,583 |
| Equipment, furniture and fixtures | 501,780 | 66,080 | (13,062) | 554,798 |
| Vehicles | 417,458 | 30,294 | (14,591) | 433,161 |
| Total accumulated depreciation | <u>\$ 6,096,083</u> | <u>\$ 363,188</u> | <u>\$ (35,109)</u> | <u>\$ 6,424,162</u> |
| Governmental activities, Capital assets, net | <u>\$ 6,043,115</u> | <u>\$ (184,286)</u> | <u>\$ (16,629)</u> | <u>\$ 5,842,200</u> |

Depreciation expense was charged to governmental activities as follows

| | |
|----------------------------|------------------|
| General Government | \$17,714 |
| Public Safety | 54,688 |
| Public Works | 209,496 |
| Cultural & recreation | 81,290 |
| Community development | - |
| Total depreciation expense | <u>\$363,188</u> |

CITY OF RAYNE, LOUISIANA

Notes to the Basic Financial Statements

Note 7

Capital Assets (Continued)

| | Balance 10/1/2011 | Additions / Reclass | Deletions / Reclass | Balance 9/30/2012 |
|--|----------------------|------------------------|------------------------|----------------------|
| Business-Type activities | | | | |
| Capital assets not being depreciated | | | | |
| Land – CW&L | \$ 53,470 | \$ - | \$ - | \$ 53,470 |
| Land – Sewer | 500,000 | - | - | 500,000 |
| Construction in progress | - | - | - | - |
| Other capital assets | | | | |
| Buildings – CW&L | \$ 3,138,916 | \$ - | \$ - | \$ 3,138,916 |
| Electric System & Imp | 4,213,955 | - | - | 4,213,955 |
| High Demand Plant facility | 2,320,015 | - | - | 2,320,015 |
| Water System & Imp | 3,687,842 | 252,346 | (7,022) | 3,933,166 |
| Machinery & Equip – CW&L | 1,071,112 | 199,779 | - | 1,270,891 |
| Sewer System | 11,563,647 | 358,001 | (370,522) | 11,551,126 |
| Machinery & Equip - Sewer | 193,601 | - | - | 193,601 |
| Totals | <u>\$ 26,742,558</u> | <u>\$ 810,126</u> | <u>\$ (377,544)</u> | <u>\$ 27,175,140</u> |
| Less accumulated depreciation | | | | |
| Building – CW&L | \$ 1,219,372 | \$ 70,839 | \$ - | \$ 1,290,211 |
| Electric System & Imp | 3,688,243 | 58,840 | - | 3,747,083 |
| High Demand Plant facility | 2,138,230 | 16,491 | - | 2,154,721 |
| Water System & Imp | 2,178,559 | 83,015 | - | 2,261,574 |
| Machinery & Equip – CW&L | 864,658 | 53,456 | 7,022 | 911,092 |
| Sewer System | 5,734,142 | 328,007 | 370,522 | 5,691,627 |
| Machinery & Equip - Sewer | 175,687 | 3,909 | - | 179,596 |
| | <u>\$ 15,998,891</u> | <u>\$ 614,557</u> | <u>\$ 377,544</u> | <u>\$ 16,235,904</u> |
| Business-type activities, Capital assets, net | | | | <u>\$ 10,939,236</u> |

Depreciation expense was charged to business-type activities as follows

| | |
|----------------------------|------------------|
| Utility | \$282,642 |
| Sewer | 331,915 |
| Total depreciation expense | <u>\$614,557</u> |

In May 1979, the City terminated its electricity generating operations. The City now purchases the majority of all electricity used from Louisiana Energy and Power Authority. The City is maintaining the engines and generators to be used only in an emergency and in high demand situations.

CITY OF RAYNE, LOUISIANA

Notes to the Basic Financial Statements

Note 8 Accounts and Other Payables

The accounts and other payables consisted of the following at September 30, 2012

| | Governmental Activities | Business-type Activities | Total |
|----------------|----------------------------|-----------------------------|---------------------|
| Accounts | \$188,483 | \$684,785 | \$873,268 |
| Other payables | 134,146 | 88,450 | 222,596 |
| Totals | <u>\$322,629</u> | <u>\$773,235</u> | <u>\$ 1,095,864</u> |

Note 9 Changes in Long-Term Debt

The following is a summary of long-term debt transactions of the City for the year ended September 30, 2012

| | Governmental Activities | Business-type Activities | Total |
|--------------------------|----------------------------|-----------------------------|---------------------|
| Bonds Payable at 9-30-11 | \$ - | \$ 3,345,000 | \$ 3,345,000 |
| Bonds retired | - | 450,000 | 450,000 |
| Totals | <u>\$ -</u> | <u>\$ 2,895,000</u> | <u>\$ 2,895,000</u> |

Long-term debt payable at September 30, 2012 is comprised of the following individual issues

Revenue Bonds (All issues being serviced by the Utility Fund)

| | |
|--|-------------------|
| \$1,000,000 Certificates of Indebtedness, Series 2011, due in annual installments of \$85,000 to \$ 116,000 through March 1, 2021, interest at 3.020% (to be retired by excess revenues) | \$ 915,000 |
| Less current portion | 88,000 |
| Long-term bond payable | <u>\$ 827,000</u> |

Interest paid for the year ended September 30, 2012 was \$28,917

The City Council introduced an ordinance on December 13, 2010 for Certificates of Indebtedness, Series 2011, and the final adoption of Ordinance No. 1050 was on January 10, 2011. The City of Rayne incurred debt and issued one million dollars (\$1,000,000) of its Certificates of Indebtedness, Series 2011, for the purpose of (i) constructing improvements and extensions to the waterworks and sewer treatment plants and distribution systems of the Issuer, (ii) refunding the Issuer's outstanding Certificates of Indebtedness, Series 2004 (the "Refunded Bonds"), and (iii) paying the costs of the issuances thereof. The Refunded Bonds-Series 2004 was rolled into and/or combined with the issuance of an additional \$730,000 worth of bonds. The Series 2011 Bonds interest is payable on March 1 and September 1 of each year, commencing on September 1, 2011. The Series 2011 Bond totals \$915,000 at September 30, 2012.

CITY OF RAYNE, LOUISIANA

Notes to the Basic Financial Statements

Revenue bonds (All issues being serviced-principal and interest – by the Sewer Fund)

\$4,200,000 Series 1996 Sewer Revenue Bonds due in annual installments of \$155,000 to \$275,000 through March 1, 2017, interest at the rate of 2.95% and \$2,300,000 Series 1997 Sewer Revenue Bonds due in annual installments of \$85,000 to \$145,000 through March 1, 2017, interest at the rate of 2.95% \$1,980,000

| | |
|---------------------------------|---------------------|
| Less Current Portion | 375,000 |
| Long-term revenue bonds payable | <u>\$ 1,605,000</u> |

Interest paid for the year ended September 30, 2012 was \$63,712

On May 1, 1996 the City of Rayne approved and authorized the issuance of Sewer Revenue Bonds in the aggregate principal amount not to exceed \$6,450,000. The bonds are issued in series from time to time and at this time specifically authorize sale, issuance and delivery of \$4,200,000 principal amount of the Sewer Revenue Bonds, Series 1996. The Series 1997 Sewer Revenue Bonds were authorized and issued in the principal amount of \$2,300,000. The bond proceeds are to be used for the purpose of constructing and acquiring the Wastewater Treatment Facility Project.

The bonds are due as follows

| Year Ending September 30 | <u>Governmental Activities</u> | | <u>Business-Type Activities</u> | |
|-----------------------------|--------------------------------|------------------------------|---------------------------------|------------------------------|
| | <u>Principal Payments</u> | <u>Interest Payments</u> | <u>Principal Payments</u> | <u>Interest Payments</u> |
| 2013 | - | - | 463,000 | 70,219 |
| 2014 | - | - | 477,000 | 58,192 |
| 2015 | - | - | 490,000 | 50,813 |
| 2016 | - | - | 502,000 | 33,115 |
| 2017 | - | - | 521,000 | 20,019 |
| 2018-2021 | - | - | 442,000 | 27,210 |
| | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 2,895,000</u> | <u>\$ 259,568</u> |

Note 10 Flows of Funds, Restrictions on Use – Utilities Revenues

Revenue Bonds

- A** Under the terms of the bond indentures on outstanding Sewer Utility Revenue Bonds dated May 1, 1996, all income and revenues (hereinafter referred to as revenue) of every nature, earned or derived from operation of the Sewerage System are pledged and dedicated to the retirement of said bonds, and are to be set aside into the following special funds:

Each month, they will be set aside into a fund called the "Bond and Interest Sinking Fund" an amount constituting 1/12th of the next maturing installment of principal and interest on the outstanding bonds. Such transfers shall be fully sufficient to assure the prompt payment of principal and interest installments as they become due and may be used only for such payments.

There shall also be set aside into a "Bond Reserve Fund" an amount equal to 5% of the amount required to be paid into the Sinking Fund during the current fiscal year until there shall have been accumulated in the Reserve Account an amount equal to the maximum principal and interest requirements in any one maturity year. Such amounts may be used only for the payment of maturing bonds and interest coupons for which sufficient funds are not on deposit in the Bond and Interest Sinking Fund and as to which there would otherwise be default.

CITY OF RAYNE, LOUISIANA

Notes to the Basic Financial Statements

Funds will also be set aside into a "Contingency Fund" Money in this fund may be used to care for depreciation, extensions, improvements, and replacements to the system, which are necessary to keep the system in operating condition Money in this fund may also be used to pay principal or interest on the bonds falling due at any time *there is not sufficient money for payment in the other bond funds*

- B The City of Rayne was in compliance with all significant limitations and restrictions in the bond indentures at September 30, 2012

Note 11

Pension Plan

Substantially all employees of the City of Rayne are members of the following statewide retirement systems Municipal Employees Retirement System of Louisiana (MERS), and Municipal Police Employees Retirement System of Louisiana (MPERS) These systems are cost-sharing, multiple-employee defined benefit pension plans administered by separate boards of trustees

The City of Rayne participates in Plan B of the MERS All permanent employees working at least 35 hours per week who are not covered by another public funded retirement system and under age 60 at date of employment are eligible to participate in the System The retirement criteria for Plan B participants is as follows

- 1 Age 55 with thirty years of creditable service
2. Age 60 with a minimum of ten or more years of creditable service
3. Under age 60 with ten years of creditable service eligible for disability benefits
- 4 Survivor's benefits require twenty years creditable service at death of member.

Generally, the monthly amount of the retirement allowance for any member of Plan B consists of an amount equal to two percent of the member's final compensation multiplied by his years of creditable service However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts

Members of Plan B are required to contribute five percent of their annual covered salary and the City of Rayne is required to contribute at an actuarially determined rate The current rate is 8.00% of annual covered payroll The contribution requirement for the year ended September 30, 2012 was \$208,405 which consisted of \$128,249 from the City and \$80,156 from employees

The system issues an annual publicly available financial report that includes financial statements and requested supplementary information That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809

All full-time police department employees engaged in law enforcement are required to participate in the System Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3 percent of their final-average salary for each year of creditable service Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at ages specified previously and receive the benefit accrued to their date of termination The System also provides death and disability benefits

Effective July 1, 2011 plan members are required by state statute to contribute 10 percent of their annual covered salary and the City of Rayne is required to contribute at an actuarially determined rate The current rate was 26.5% of annual covered payroll through June 2012 and 31.0% starting July 2012 The contribution requirement for the year ended September 30, 2012 was \$275,307, which consisted of \$201,982 from the City and \$73,325 from employees

CITY OF RAYNE, LOUISIANA

Notes to the Basic Financial Statements

The system issues an annual publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250.

Note 12 Post Employment Benefits

The City of Rayne handles Cobra participants by notifying Risk Management, Inc. in writing of the Cobra qualifying event. The RMI notifies the qualified beneficiary of his Cobra rights in application form. The City is responsible for Cobra payments and termination for non-payment. The qualified beneficiary is responsible for the signed application to be returned. Upon payment to the City and return of the signed application, qualified beneficiary is re-instated by RMI and tracked until Cobra benefits have been fulfilled.

Note 13 Police Supplemental Pay

The City received state supplemental pay for qualified police officers totaling \$132,633. The supplemental pay was forwarded directly to the officers.

Note 14 Segment Information for the Enterprise Fund

The City of Rayne maintains two enterprise funds, which provide utility and sewerage services. Segment information for the year ended September 30, 2012 was as follows:

| | Utilities | Sewerage | Total Enterprise Fund |
|---|--------------|------------|-----------------------------|
| Charges for services and other operating revenues | \$ 8,306,475 | \$ 829,295 | \$ 9,135,770 |
| Operating expenses | | | |
| Depreciation | \$ 282,641 | \$ 331,915 | \$ 614,556 |
| Storm related expenses | 1,618 | 31,644 | 33,262 |
| Other expenses | 7,124,575 | 362,175 | 7,486,750 |
| Total operating expenses | \$ 7,408,834 | \$ 725,734 | \$ 8,134,568 |
| Operating income (loss) | \$ 897,641 | \$ 103,561 | \$ 1,001,202 |

Note 15 Compensation of Town Officials

A detail of the annual compensation paid to the Mayor and Board of Aldermen for the year ended September 30, 2012 follows:

| | |
|-----------------------------|-----------|
| James J. Petitjean, Mayor | \$ 76,000 |
| Paul Molbert, Mayor Pro-tem | 7,560 |
| Aldermen | |
| Gerald Foreman | 7,200 |
| Jude Abshire | 7,200 |
| Ann Domingue Washington | 7,200 |
| Calise M. Doucet | 7,200 |

CITY OF RAYNE, LOUISIANA

Notes to the Basic Financial Statements

Note 16 Interfund Transactions

Interfund receivables and payables consisted of the following at September 30, 2012

| | <u>Interfund Receivable</u> | <u>Interfund Payable</u> |
|---------------------------|---------------------------------|------------------------------|
| Governmental Funds | | |
| General Fund | \$ 57,961 | \$ 12,726 |
| Proprietary Funds | | |
| Utility Fund | 19,374 | 14,120 |
| Sewer Fund | - | 50,489 |
| | <u>\$ 77,335</u> | <u>\$ 77,335</u> |

The City does not expect these amounts to be repaid within one year. Interfund transactions were for reimbursement of expenses paid or to transfer excess funds for general purpose use.

Interfund transfers consisted the following at September 30, 2012

| | <u>Interfund Transfers in</u> | <u>Interfund Transfers out</u> |
|------------------------------------|-----------------------------------|------------------------------------|
| Major Funds | | |
| Governmental Funds | | |
| General Fund | \$ 2,300,000 | \$ - |
| Sales Tax | - | 1,700,000 |
| Other Non-major governmental funds | - | - |
| Proprietary Fund | | |
| Utility Fund | - | 614,390 |
| Sewer Fund | 14,390 | - |
| Total | <u>\$ 2,314,390</u> | <u>\$ 2,314,390</u> |

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to (b) use unrestricted revenues in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

There were no individual funds that reported a deficit fund balance at September 30, 2012.

CITY OF RAYNE, LOUISIANA

Notes to the Basic Financial Statements

Note 17

Leases

A Operating leases

The City is engaged in various operating leases for the use of machinery and equipment. Total rent expenditures for these leases totaled \$12,329 for the year ended September 30, 2012. The future minimum rental payments for these leases are as follows:

| <u>Year Ending</u> <u>September 30</u> | <u>Amount</u> |
|---|------------------|
| 2013 | 11,510 |
| 2014 | 11,295 |
| 2015 | 11,059 |
| 2016 | 5,907 |
| 2017 | 2,170 |
| Total | <u>\$ 41,941</u> |

B Capital Lease

In August 2012, the City entered into a lease agreement as lessee for financing the acquisition of a 2013 International Altec Truck. In June 2009, the City entered into a lease agreement as lessee for financing the acquisition of a Case 580 Backhoe. In September 2009, the City entered into a lease agreement for the financing of a John Deere Tractor. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date.

The future minimum lease obligations and the net present value of the minimum lease payments as of September 30, 2012 are as follows:

| <u>Year Ending</u> <u>September, 30</u> | <u>Governmental</u> <u>Activities</u> | <u>Business-Type</u> <u>Activities</u> | <u>Total</u> |
|--|--|---|-------------------|
| 2013 | \$ 14,377 | \$ 43,800 | \$ 58,177 |
| 2014 | 14,377 | 43,800 | 58,177 |
| 2015 | - | 43,800 | 43,800 |
| 2016 | - | 32,850 | 32,850 |
| 2017 | - | - | - |
| Total minimum lease payments | \$ 28,754 | \$ 164,250 | \$ 193,004 |
| Less: amount representing interest | (2,454) | (16,850) | (19,304) |
| Present value of minimum lease payments | <u>\$ 26,300</u> | <u>\$ 147,400</u> | <u>\$ 173,700</u> |

CITY OF RAYNE, LOUISIANA

Notes to the Basic Financial Statements

Note 18 Cooperative Endeavor Agreement

On March 5, 2011, the City of Rayne was hit by a tornado and severe weather causing damage throughout the City. The City entered into a Cooperative Endeavor Agreement with the Governor's Office of Homeland Security and Emergency Preparedness of the State of Louisiana on July 1, 2011 for the purpose of reimbursing the City for personnel, materials, equipment, and contract cost used in response to severe damage caused by the March 5, 2011 tornado, strong winds and heavy rains. Act 52 of the 2011 Regular Session of the Louisiana Legislature which was adopted in accordance with Article VII, Section 10, of the Constitution of Louisiana, appropriating Six Hundred Fifty Thousand Dollars and NO/100 (\$650,000) Dollars was allocated for this project.

In December 2011, the City received \$465,688 in reimbursements related to the Cooperative Endeavor Agreement. The original Cooperative Endeavor Agreement expired December 31, 2011. Due to the City's inability to expend the funds before the original contract expired, the State of Louisiana approved a new Cooperative Endeavor Agreement and amended it to extend the amount of time the City could apply for reimbursements for costs associated with the tornado damage through June 30, 2013 for the remaining \$182,512. In March 2012, the City received \$1,800 in reimbursements from the State of Louisiana related to this Cooperative Endeavor Agreement. The City expended \$184,312 during its fiscal year ended September 30, 2012. In February 2013, the City received the remaining reimbursement of \$182,512 related to the Cooperative Endeavor Agreement with the Governor's Office of Homeland Security and Emergency Preparedness of the State of Louisiana.

Note 19 Prior Period Adjustment

A prior period adjustment was made to the Utility Fund for \$57,583 for the year ended September 30, 2011. This adjustment was made due to an error in estimate for prepaid insurance. This adjustment was due to a change in policy date. The amount is immaterial.

Note 20 Contingencies

A suit has been filed on behalf of Henry Lee Marlborough (Anthony Campbell) against the COR, et al in regards to an incident which occurred on February 10, 2009 when a combined force of Rayne City Police and Acadia Parish Sheriff's Office attempted to arrest Anthony Campbell. None of the officers involved were indicted by a Grand Jury that was called to review the facts of the case. The case is still pending. The City intends to vigorously defend this case.

Note 21 Subsequent Events

The City of Rayne has evaluated subsequent events through March 28, 2013, the date which the financials were available to be issued. The Youth Recreation millage of 5.00 expires after the calendar year of 2013. The City is currently making arrangements to put the renewal on an upcoming ballot scheduled for October 19, 2013.

Effective January 1, 2012, the City employees and officials are required to take a one-hour ethics course per calendar year. As of December 31, 2012, the City had not complied with this new standard.

Note 22 New Accounting Pronouncements

In June 2011, the Governmental Accounting Standards Board (GASB) issued Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position." The statement changes how governments will organize their statements of financial position (such as current government-wide statement of net assets and the governmental funds balance sheet). Under this standard, financial statements will include deferred outflows or resources and deferred inflows of resources, in addition to assets and liabilities, and will report net position instead of net assets. The provisions of GASB No. 63 must be implemented by the City for the year ended June 30, 2013. The effect of implementation on the City's financial statements has not yet been determined.

Required Supplemental Information

CITY OF RAYNE, LOUISIANA
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended September 30, 2012

With Comparative Actual Amounts for Year Ended September 30, 2011

| | 2012 | | | | 2011 |
|---|---------------------|---------------------|---------------------|--------------------------------------|---------------------|
| | Budget | | | Variance-- Positive (Negative) | |
| | Original | Final | Actual | | Actual |
| Revenues | | | | | |
| Taxes-- | | | | | |
| Ad valorem | \$ 213,000 | \$ 211,901 | \$ 211,357 | (544) | \$ 213,043 |
| Franchise | 118,385 | 102,174 | 110,105 | 7,931 | 121,287 |
| | <u>\$ 331,385</u> | <u>\$ 314,075</u> | <u>\$ 321,462</u> | <u>\$ 7,387</u> | <u>\$ 334,330</u> |
| Intergovernmental revenue-- | | | | | |
| Beer tax | \$ 20,212 | \$ 16,586 | \$ 16,300 | (286) | \$ 16,964 |
| Grants | | | | | |
| Federal | | | - | - | - |
| State | 402,500 | 131,724 | 119,969 | (11,755) | 372,163 |
| Housing authority payment in lieu of taxes | 44,000 | 44,000 | 46,350 | 2,350 | 45,336 |
| Video poker revenue | 446,788 | 326,847 | 346,128 | 19,281 | 491,544 |
| | <u>\$ 913,500</u> | <u>\$ 519,157</u> | <u>\$ 528,747</u> | <u>\$ 9,590</u> | <u>\$ 926,007</u> |
| Licenses and permits-- | | | | | |
| Occupational licenses | \$ 298,850 | \$ 283,583 | \$ 283,388 | (195) | \$ 296,761 |
| Permits | 26,125 | 12,947 | 13,251 | 304 | 40,786 |
| | <u>\$ 324,975</u> | <u>\$ 296,530</u> | <u>\$ 296,639</u> | <u>\$ 109</u> | <u>\$ 337,547</u> |
| Charges for services | | | | | |
| Community center rent | <u>\$ 29,298</u> | <u>\$ 27,375</u> | <u>\$ 30,045</u> | <u>\$ 2,670</u> | <u>\$ 36,435</u> |
| Fines and forfeits | <u>\$ 109,784</u> | <u>\$ 174,774</u> | <u>\$ 194,663</u> | <u>\$ 19,889</u> | <u>\$ 113,128</u> |
| Interest on investments | <u>\$ 1,643</u> | <u>\$ 1,531</u> | <u>\$ 1,690</u> | <u>\$ 159</u> | <u>\$ 1,814</u> |
| Miscellaneous revenue-- | | | | | |
| Museum Income | \$ 650 | \$ 462 | \$ 462 | \$ - | \$ 625 |
| Police Jury | 23,000 | 23,000 | 23,000 | - | 23,000 |
| Sale of land | - | - | - | - | - |
| Sale of abandoned equipment | 5,000 | 10,965 | 10,965 | - | 7,055 |
| Prisoner reimbursements | 52,600 | 44,057 | 48,227 | 4,170 | 55,785 |
| Other | 40,279 | 86,698 | 95,176 | 8,478 | 51,740 |
| | <u>\$ 121,529</u> | <u>\$ 165,182</u> | <u>\$ 177,830</u> | <u>\$ 12,648</u> | <u>\$ 138,205</u> |
| Total Revenues | <u>\$ 1,832,114</u> | <u>\$ 1,498,624</u> | <u>\$ 1,551,076</u> | <u>\$ 52,452</u> | <u>\$ 1,887,466</u> |

The accompanying notes are an integral part of this statement

CITY OF RAYNE, LOUISIANA

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended September 30, 2012

With Comparative Actual Amounts for Year Ended September 30, 2011

| | 2012 | | | | 2011 |
|---|----------------|----------------|----------------|--------------------------------------|----------------|
| | Budget | | Actual | Variance-- Positive (Negative) | Actual |
| | Original | Final | | | |
| Expenditures | | | | | |
| Current-- | | | | | |
| General government | \$ 1,546,106 | \$ 1,336,354 | \$ 1,278,884 | \$ 57,470 | \$ 1,194,542 |
| Public safety | 1,518,419 | 1,050,074 | 1,695,511 | (645,437) | 1,632,344 |
| Public works | 716,859 | 887,397 | 898,565 | (11,168) | 767,376 |
| Public works - Storm Related Expenses | - | 1,195 | 796 | 399 | 272,420 |
| Culture and recreation | 387,011 | 429,581 | 459,142 | (29,561) | 422,288 |
| Total expenditures | \$ 4,168,395 | \$ 3,704,601 | \$ 4,332,898 | \$ (628,297) | \$ 4,288,970 |
| Excess (deficiency) of revenues over expenditures | \$ (2,336,281) | \$ (2,205,977) | \$ (2,781,822) | \$ (575,845) | \$ (2,401,504) |
| Other sources (uses) | | | | | |
| Operating transfers in-- | | | | | |
| Sales tax fund | \$ 1,700,000 | \$ 1,700,000 | \$ 1,700,000 | \$ - | \$ 1,700,000 |
| Utility | 600,000 | 600,000 | 600,000 | - | 600,000 |
| Certificate of Indebtedness Series 2003 | - | - | - | - | - |
| Capital Lease | - | - | - | - | - |
| Operating transfers out-- | | | | | |
| Certificate of Indebtedness Series 2003 | - | - | - | - | - |
| Capital Lease | (41,735) | (41,735) | (41,735) | - | (41,735) |
| LCDBG | - | - | - | - | - |
| Total other sources | \$ 2,258,265 | \$ 2,258,265 | \$ 2,258,265 | \$ - | \$ 2,258,265 |
| Excess (deficiency) of revenues and other sources over expenditures and other uses | \$ (78,016) | \$ 52,288 | \$ (523,557) | \$ (575,845) | \$ (143,239) |
| Fund balance, beginning of year | 923,898 | 1,001,634 | 1,001,634 | - | 1,144,873 |
| Fund balance, end of year | \$ 845,882 | \$ 1,053,922 | \$ 478,077 | \$ (575,845) | \$ 1,001,634 |

The accompanying notes are an integral part of this statement

CITY OF RAYNE, LOUISIANA
SPECIAL REVENUE FUNDS
SAI F'S TAX FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended September 30, 2012

With Comparative Actual Amounts for Year Ended September 30, 2011

| | 2012 | | | | 2011 |
|--|-----------------------|-----------------------|-----------------------|--------------------------------------|-----------------------|
| | Budget | | Actual | Variance-- Positive (Negative) | Actual |
| | Original | Final | | | |
| Revenues | | | | | |
| Taxes-- | | | | | |
| Sales tax collections | \$ 1,796,689 | \$ 1,919,040 | \$ 1,979,813 | \$ 60,773 | \$ 1,867,172 |
| Less fees and adjustments | | - | (35,460) | (35,460) | (30,405) |
| Interest on investments | 125 | 238 | 258 | 20 | 126 |
| Miscellaneous income | | - | | - | - |
| Total revenues | <u>\$ 1,796,814</u> | <u>\$ 1,919,278</u> | <u>\$ 1,944,611</u> | <u>\$ 25,333</u> | <u>\$ 1,836,893</u> |
| Expenditures | | | | | |
| Current-- | | | | | |
| General government-- | | | | | |
| Salaries | \$ 29,800 | \$ 32,737 | \$ 28,310 | \$ 4,427 | \$ 27,151 |
| Insurance | 9,500 | 10,499 | 10,500 | (1) | 9,274 |
| Payroll taxes | 2,081 | 1,588 | 1,930 | (342) | 1,867 |
| Administrative charge-- | | | | | |
| retirement system | 1,866 | 2,239 | 2,240 | (1) | 1,907 |
| Miscellaneous | 600 | 1,095 | 1,095 | - | 827 |
| Total expenditures | <u>\$ 43,847</u> | <u>\$ 48,158</u> | <u>\$ 44,075</u> | <u>\$ 4,083</u> | <u>\$ 41,026</u> |
| Excess of revenues over expenditures | <u>\$ 1,752,967</u> | <u>\$ 1,871,120</u> | <u>\$ 1,900,536</u> | <u>\$ 29,416</u> | <u>\$ 1,795,867</u> |
| Other sources (uses) | | | | | |
| Operating transfer (out)-- | | | | | |
| General Fund | \$ (1,700,000) | \$ (1,700,000) | \$ (1,700,000) | \$ - | \$ (1,700,000) |
| Refunding Bonds | - | - | - | - | - |
| Sewer Bonds | - | - | - | - | - |
| Total other sources (uses) | <u>\$ (1,700,000)</u> | <u>\$ (1,700,000)</u> | <u>\$ (1,700,000)</u> | <u>\$ -</u> | <u>\$ (1,700,000)</u> |
| Excess (deficiency) of revenues and other sources over expenditures and other uses | <u>\$ 52,967</u> | <u>\$ 171,120</u> | <u>\$ 200,536</u> | <u>\$ 29,416</u> | <u>\$ 95,867</u> |
| Fund balance, beginning of year | <u>72,436</u> | <u>72,436</u> | <u>171,608</u> | <u>99,172</u> | <u>75,741</u> |
| Fund balance, end of year | <u>\$ 125,403</u> | <u>\$ 243,556</u> | <u>\$ 372,144</u> | <u>\$ 128,588</u> | <u>\$ 171,608</u> |

The following notes are an integral part of this statement

Other Supplemental Schedules

CITY OF RAYNE, LOUISIANA

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - EXPENDITURES
For the Year Ended September 30, 2012

With Comparative Actual Amounts for Year Ended September 30, 2011

| | 2012 | | | | 2011 |
|--------------------------|---------------------|---------------------|---------------------|--------------------------------------|---------------------|
| | Budget | | Actual | Variance-- Positive (Negative) | Actual |
| | Original | Final | | | |
| General government | | | | | |
| Administration-- | | | | | |
| Salaries | \$ 184,000 | \$ 179,835 | \$ 179,930 | \$ (95) | \$ 177,039 |
| Car expense | 2,545 | 5,496 | 5,136 | 360 | 2,453 |
| Payroll taxes | 97,976 | 99,654 | 96,027 | 3,627 | 99,784 |
| Group insurance | 310,000 | 355,651 | 318,938 | 36,713 | 292,460 |
| General insurance | 229,000 | 199,301 | 228,009 | (28,708) | 218,246 |
| Publishing and recording | 14,000 | 14,163 | 14,341 | (178) | 14,580 |
| Administrative expense-- | | | | | |
| Retirement system | 40,282 | 42,103 | 42,101 | 2 | 40,219 |
| Legal and professional | 12,204 | 17,500 | 22,298 | (4,798) | 12,969 |
| City promotion | 4,163 | 1,770 | 8,909 | (7,139) | 4,219 |
| Convention expense | 12,000 | 12,000 | 12,558 | (558) | 5,472 |
| Uniforms | 2,400 | 1,068 | 1,068 | - | 975 |
| Tax roll | 4,200 | 6,362 | 6,362 | - | 4,077 |
| Utilities & telephone | 19,920 | 22,998 | 24,757 | (1,759) | 24,132 |
| Dues and subscriptions | 4,705 | 2,531 | 2,208 | 323 | 4,149 |
| City Hall and ground | | | | | |
| maintenance | 5,678 | 5,575 | 10,920 | (5,345) | 5,105 |
| Supplies & Postage | 7,793 | 1,882 | 1,511 | 371 | 6,166 |
| Capital outlay | - | - | 3,803 | (3,803) | - |
| Festival expense | 1,200 | 1,200 | 57 | 1,143 | - |
| Miscellaneous | 6,450 | 1,450 | 4,962 | (3,512) | 3,475 |
| Civil engineering | 400,000 | 32,953 | 50,278 | (17,325) | 69,350 |
| | <u>\$ 1,358,516</u> | <u>\$ 1,003,492</u> | <u>\$ 1,034,173</u> | <u>\$ (30,681)</u> | <u>\$ 984,870</u> |
| City Court-- | | | | | |
| Salaries | \$ 89,890 | \$ 97,851 | 97,899 | \$ (48) | 88,697 |
| Supplies & Postage | 13,900 | 22,414 | 20,598 | 1,816 | 13,848 |
| Professional fees | 45,000 | 43,366 | 45,650 | (2,284) | 54,373 |
| Building and grounds | | | | | |
| maintenance | 5,800 | 14,643 | 19,182 | (4,539) | 12,103 |
| Rent expense | 2,000 | 2,649 | 2,564 | 85 | 2,668 |
| Small equipment expense | 1,500 | 6,364 | 5,753 | 611 | 4,605 |
| Uniforms | 500 | 785 | 785 | - | 605 |
| Retirement | 2,450 | 7,525 | 8,385 | (860) | 3,408 |
| Utilities | 18,000 | 19,124 | 20,694 | (1,570) | 20,813 |
| Miscellaneous | 8,550 | 7,418 | 12,478 | (5,060) | 8,552 |
| Capital outlay | - | 110,723 | 10,723 | 100,000 | - |
| | <u>\$ 187,590</u> | <u>\$ 332,862</u> | <u>\$ 244,711</u> | <u>88,151</u> | <u>\$ 209,672</u> |
| Total general government | <u>\$ 1,546,106</u> | <u>\$ 1,336,354</u> | <u>\$ 1,278,884</u> | <u>\$ 57,470</u> | <u>\$ 1,194,542</u> |

The accompanying notes are an integral part of this statement

CITY OF RAYNE, LOUISIANA

GENERAL FUND
STATEMENT OF EXPENDITURES, COMPARED TO BUDGET (GAAP BASIS)
For the Year Ended September 30, 2012

With Comparative Actual Amounts for Year Ended September 30, 2011

| | 2012 | | | | 2011 |
|---|---------------------|-------------------|---------------------|--------------------------------------|---------------------|
| | Budget | | | Variance-- Positive (Negative) | |
| | Original | Final | Actual | | Actual |
| Public Safety | | | | | |
| Police Department-- | | | | | |
| Salaries | \$ 822,129 | \$ 287,302 | \$ 844,529 | \$ (557,227) | \$ 815,662 |
| Prisoner care | 76,216 | 79,655 | 94,594 | (14,939) | 94,928 |
| Professional fees | 6,000 | 8,006 | 6,860 | 1,146 | 4,073 |
| Car maintenance and operations | 126,079 | 138,240 | 175,428 | (37,188) | 155,745 |
| Miscellaneous | 45,960 | 39,716 | 56,075 | (16,359) | 47,925 |
| Equipment maintenance | 5,101 | 13,113 | 13,021 | 92 | 6,934 |
| Uniforms | 9,220 | 7,955 | 9,688 | (1,733) | 11,415 |
| Utilities | 30,000 | 38,304 | 38,685 | (381) | 39,003 |
| Supplies | 31,405 | 63,175 | 70,714 | (7,539) | 78,652 |
| Building and ground maintenance | 28,300 | 6,849 | 6,165 | 684 | 22,650 |
| Building and equipment rental | 14,200 | 17,900 | 21,295 | (3,395) | 21,306 |
| Animal control | 4,000 | 6,081 | 4,898 | 1,183 | 3,752 |
| Contributions to state police pension fund | 177,725 | 203,678 | 201,982 | 1,696 | 177,988 |
| Lab fees | 250 | - | - | - | 180 |
| Capital outlay | 25,000 | 17,900 | 26,100 | (8,200) | 31,050 |
| | <u>\$ 1,401,585</u> | <u>\$ 927,874</u> | <u>\$ 1,570,034</u> | <u>\$ (642,160)</u> | <u>\$ 1,511,263</u> |
| Fire Department-- | | | | | |
| Fire attendance | \$ 16,000 | \$ 16,000 | \$ 19,294 | \$ (3,294) | \$ 15,389 |
| Miscellaneous | - | - | - | - | 5,226 |
| Rentals on fire hydrants | 23,000 | 23,000 | 23,000 | - | 23,000 |
| | <u>\$ 39,000</u> | <u>\$ 39,000</u> | <u>\$ 42,294</u> | <u>\$ (3,294)</u> | <u>\$ 43,615</u> |
| Permit Department-- | | | | | |
| Salaries | \$ 58,834 | \$ 58,804 | \$ 58,853 | \$ (49) | \$ 59,018 |
| Office supplies | 375 | 196 | 414 | (218) | 688 |
| Utilities | 1,500 | 1,307 | 1,354 | (47) | 1,655 |
| Repairs & Maintenance | 100 | 117 | 1,020 | (903) | 104 |
| Capital outlay | - | - | - | - | - |
| Miscellaneous | 4,875 | 4,069 | 5,264 | (1,195) | 4,062 |
| | <u>\$ 65,684</u> | <u>\$ 64,493</u> | <u>\$ 66,905</u> | <u>\$ (2,412)</u> | <u>\$ 65,527</u> |
| Marshal Department-- | | | | | |
| Supplies and fees | \$ 7,150 | \$ 12,101 | \$ 10,373 | 1,728 | \$ 7,491 |

The accompanying notes are an integral part of this statement

CITY OF RAYNE, LOUISIANA

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - EXPENDITURES
For the Year Ended September 30, 2012

With Comparative Actual Amounts for Year Ended September 30, 2011

| | 2012 | | | | 2011 |
|--|--------------|--------------|--------------|--------------------------------------|--------------|
| | Budget | | | Variance-- Positive (Negative) | |
| | Original | Final | Actual | | Actual |
| Public Safety (Continued) | | | | | |
| Police Reserves | \$ 5,000 | \$ 6,606 | \$ 5,905 | \$ 701 | \$ 4,448 |
| Total Public Safety | \$ 1,518,419 | \$ 1,050,074 | \$ 1,695,511 | \$ (645,437) | \$ 1,632,344 |
| Public Works | | | | | |
| Salaries | \$ 402,434 | \$ 368,257 | \$ 371,196 | \$ (2,939) | \$ 391,479 |
| Street maintenance materials | 10,525 | 52,550 | 200,062 | (147,512) | 25,843 |
| Chemicals and supplies | 16,800 | 7,457 | 8,668 | (1,211) | 10,964 |
| Pest Control | 9,000 | 16,493 | 27,961 | (11,468) | 33,375 |
| Building and ground maintenance | 18,600 | 10,359 | 10,437 | (78) | 28,832 |
| Truck and tractor expense | 115,334 | 138,270 | 161,758 | (23,488) | 112,833 |
| Street lighting | 43,000 | 43,000 | 43,000 | - | 43,000 |
| Uniforms | 11,350 | 10,535 | 11,190 | (655) | 12,719 |
| Engineering Fees | 5,000 | 15,264 | 17,703 | (2,439) | 28,762 |
| Utilities | 17,800 | 14,560 | 14,869 | (309) | 20,009 |
| Miscellaneous | 21,516 | 16,504 | 17,154 | (650) | 24,670 |
| Equipment rentals | 35,500 | 39,656 | 1,780 | 37,876 | 9,133 |
| Capital outlay | 10,000 | 154,492 | 12,787 | 141,705 | 25,757 |
| Total Public Works | \$ 716,859 | \$ 887,397 | \$ 898,565 | \$ (11,168) | \$ 767,376 |
| Public Works - Storm Related Expenses | \$ - | \$ 1,195 | \$ 796 | \$ 399 | \$ 272,420 |
| Culture and Recreation | | | | | |
| Parks & Center - | | | | | |
| Salaries | \$ 212,758 | \$ 224,930 | \$ 219,722 | \$ 5,208 | \$ 208,567 |
| Miscellaneous | 17,450 | 23,833 | 24,722 | (889) | 19,949 |
| Campground Expenses | 1,000 | 702 | 528 | 174 | 636 |
| Upkeep of building and grounds | 11,597 | 30,947 | 28,143 | 2,804 | 20,931 |
| Utilities | 61,595 | 72,573 | 77,878 | (5,305) | 76,998 |
| Janitorial supplies | 11,500 | 16,545 | 15,391 | 1,154 | 14,955 |
| Capital outlay | 5,000 | 8,712 | 35,851 | (27,139) | 14,141 |
| Vehicle expenses | 1,000 | 1,365 | 1,299 | 66 | 788 |
| Equipment maintenance & Rental | 15,300 | 16,948 | 23,330 | (6,382) | 16,817 |
| Total Parks and Center | \$ 337,200 | \$ 396,555 | \$ 426,864 | \$ (30,309) | \$ 373,782 |

The accompanying notes are an integral part of this statement

CITY OF RAYNE, LOUISIANA

GENERAL FUND
BUDGETARY COMPARISON SCHEDULES - EXPENDITURES
For the Year Ended September 30, 2012

With Comparative Actual Amounts for Year Ended September 30, 2011

| | 2012 | | | | 2011 |
|------------------------------------|---------------------|---------------------|---------------------|--------------------------------------|---------------------|
| | Budget | | Actual | Variance-- Positive (Negative) | Actual |
| | Original | Final | | | |
| Culture and Recreation (Continued) | | | | | |
| Museum - | | | | | |
| Salaries | \$ 34,016 | \$ 13,490 | \$ 9,097 | \$ 4,393 | \$ 33,849 |
| Supplies | 1,300 | 463 | 617 | (154) | 1,795 |
| Building and ground upkeep | 1,220 | 6,021 | 5,908 | 113 | 825 |
| Capital Outlay | - | - | 5,283 | (5,283) | - |
| Utilities | 6,500 | 4,586 | 5,054 | (468) | 6,295 |
| Miscellaneous | 6,775 | 8,466 | 6,319 | 2,147 | 5,742 |
| Total Museum | <u>\$ 49,811</u> | <u>\$ 33,026</u> | <u>\$ 32,278</u> | <u>\$ 748</u> | <u>\$ 48,506</u> |
| Total Culture and Recreation | <u>\$ 387,011</u> | <u>\$ 429,581</u> | <u>\$ 459,142</u> | <u>\$ (29,561)</u> | <u>\$ 422,288</u> |
| Total Expenditures | <u>\$ 4,168,395</u> | <u>\$ 3,704,601</u> | <u>\$ 4,332,898</u> | <u>\$ (628,297)</u> | <u>\$ 4,288,970</u> |

The accompanying notes are an integral part of this statement

CITY OF RAYNE, LOUISIANA

SPECIAL REVENUE FUNDS
YOUTH RECREATION FUND

BUDGETARY COMPARISON SCHEDULE

For the Year Ended September 30, 2012

With Comparative Actual Amounts for Year Ended September 30, 2011

| | 2012 | | | Variance-- | 2011 |
|---|-------------------|-------------------|-------------------|----------------------------|--------------------|
| | Budget | | Actual | Favorable (Unfavorable) | Actual |
| | Original | Final | | | |
| Revenues | | | | | |
| Taxes--ad valorem | \$ 150,100 | \$ 149,222 | \$ 149,222 | \$ - | \$ 150,026 |
| Grant proceeds | - | 58,158 | 58,158 | - | 21,945 |
| Charges for services | | | | | |
| Concession stand | 34,000 | 30,863 | 32,429 | 1,566 | 33,048 |
| Registration fees | 23,700 | 21,195 | 24,135 | 2,940 | 25,115 |
| Interest on investments | 60 | 125 | 76 | (49) | 43 |
| Miscellaneous income | 24,200 | 28,116 | 28,956 | 840 | 26,412 |
| Total Revenues | \$ 232,060 | \$ 287,679 | \$ 292,976 | \$ 5,297 | \$ 256,589 |
| Current-- | | | | | |
| Culture and recreation | | | | | |
| Salaries | \$ 5,200 | \$ 4,474 | \$ 4,474 | \$ - | \$ 5,189 |
| Labor | 5,500 | 13,754 | 13,295 | 459 | 5,020 |
| Engineering fees | 1,000 | 1,170 | 1,421 | (251) | 632 |
| Insurance | 1,750 | 4,291 | 2,841 | 1,450 | 2,400 |
| Repairs and maintenance | 2,550 | 1,945 | 4,139 | (2,194) | 5,247 |
| Youth basketball | 4,000 | 2,429 | 2,430 | (1) | 3,309 |
| Youth baseball | 55,000 | 49,454 | 52,742 | (3,288) | 50,999 |
| Youth football | 8,000 | 6,815 | 4,927 | 1,888 | 7,102 |
| Umpires & referees | 19,400 | 18,216 | 18,216 | - | 17,806 |
| Youth Camp | 13,950 | 11,942 | 15,052 | (3,110) | 13,339 |
| Material and supplies | 2,700 | 13,277 | 12,607 | 670 | 1,501 |
| Utilities | 16,300 | 14,726 | 15,428 | (702) | 14,590 |
| Building & Ground maintenance | 20,350 | 14,556 | 14,608 | (52) | 47,454 |
| Miscellaneous | 9,075 | 6,898 | 8,927 | (2,029) | 29,577 |
| Concession expense | 18,500 | 16,413 | 19,007 | (2,594) | 22,441 |
| Youth volleyball | - | 3,253 | 3,281 | (28) | 617 |
| Capital outlay | 10,200 | 84,356 | 84,356 | - | - |
| Total expenditures | \$ 193,475 | \$ 267,969 | \$ 277,751 | \$ (9,782) | \$ 227,223 |
| Excess (deficiency) of revenues over expenditures | \$ 38,585 | \$ 19,710 | \$ 15,225 | \$ (4,485) | \$ 29,366 |
| Other sources (uses) | | | | | |
| Operating transfer in (out) | | | | | |
| General Fund | \$ - | \$ - | \$ - | \$ - | \$ - |
| Enterprise Fund | - | - | - | - | (50,000) |
| Total other sources | \$ - | \$ - | \$ - | \$ - | \$ (50,000) |
| Excess (deficiency) of revenues and other sources over expenditures and other uses | \$ 38,585 | \$ 19,710 | \$ 15,225 | \$ (4,485) | \$ (20,634) |
| Prior period adjustment | - | - | - | - | - |
| Fund balance (deficit), beginning of year | 2,910 | 2,910 | 22,614 | 19,704 | 43,248 |
| Fund balance (deficit), end of year | \$ 41,495 | \$ 22,620 | \$ 37,839 | \$ 15,219 | \$ 22,614 |

The accompanying notes are an integral part of this statement

CITY OF RAYNE, LOUISIANA

SPECIAL REVENUE FUNDS
SECTION 8--HOUSING ASSISTANCE FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended September 30, 2012

With Comparative Actual Amounts for Year Ended September 30, 2011

| | 2012 | | | | 2011 |
|---|-------------------|-------------------|-------------------|--|-------------------|
| | Budget | | Actual | Variance-- Favorable (Unfavorable) | Actual |
| | Original | Final | | | |
| Revenues | | | | | |
| Intergovernmental revenues-- | | | | | |
| Grant from Federal Government | \$ 352,091 | \$ 362,332 | \$ 370,158 | \$ 7,826 | \$ 344,193 |
| Interest on investments | 275 | 134 | 136 | 2 | 264 |
| Other income | - | - | - | - | - |
| Total revenues | <u>\$ 352,366</u> | <u>\$ 362,466</u> | <u>\$ 370,294</u> | <u>\$ 7,828</u> | <u>\$ 344,457</u> |
| Expenditures | | | | | |
| Current-- | | | | | |
| Urban redevelopment and housing-- | | | | | |
| Salaries | \$ 27,430 | \$ 26,415 | \$ 26,369 | \$ 46 | \$ 26,705 |
| Professional fees | 7,150 | 13,164 | 10,965 | 2,199 | 7,301 |
| Office supplies | 25 | - | - | - | 10 |
| Meeting expense | 2,800 | 3,260 | 3,336 | (76) | 3,599 |
| Miscellaneous | 3,306 | 3,433 | 3,483 | (50) | 3,248 |
| Capital outlay | - | - | - | - | - |
| Payroll taxes | 2,120 | 2,245 | 2,181 | 64 | 2,178 |
| Car expense | 600 | - | - | - | 235 |
| Utility assistance | 1,514 | 1,907 | 1,907 | - | 1,443 |
| Group insurance | - | - | - | - | - |
| Housing assistance | 309,675 | 321,095 | 321,495 | (400) | 310,188 |
| Total expenditures | <u>\$ 354,620</u> | <u>\$ 371,519</u> | <u>\$ 369,736</u> | <u>\$ 1,783</u> | <u>\$ 354,907</u> |
| Excess of revenues over expenditures | \$ (2,254) | \$ (9,053) | \$ 558 | \$ (9,611) | \$ (10,450) |
| Fund balance (deficit), beginning of year | <u>90,859</u> | <u>90,859</u> | <u>84,668</u> | <u>6,191</u> | <u>95,118</u> |
| Fund balance (deficit), end of year | <u>\$ 88,605</u> | <u>\$ 81,806</u> | <u>\$ 85,226</u> | <u>\$ (3,420)</u> | <u>\$ 84,668</u> |

The accompanying notes are an integral part of this statement

CITY OF RAYNE, LOUISIANA

UNEMPLOYMENT COMPENSATION FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended September 30, 2012

With Comparative Actual Amounts for Year Ended September 30, 2011

| | 2012 | | | 2011 |
|--|--------------------------|--------------------------|--|--------------------------|
| | Budget | | Variance-- Favorable (Unfavorable) | Actual |
| | Original | Final | | |
| Revenues | | | | |
| Contributions from other funds | \$ 16,500 | \$ 15,691 | \$ (592) | \$ 15,057 |
| Interest on investments | 400 | 428 | 19 | 455 |
| Total Revenues | <u>\$ 16,900</u> | <u>\$ 16,119</u> | <u>\$ (573)</u> | <u>\$ 15,512</u> |
| Expenditures | | | | |
| Administrative fees | <u>\$ 3,500</u> | <u>\$ 3,143</u> | <u>\$ 986</u> | <u>\$ 2,786</u> |
| Excess of Revenues over Expenditures | <u>\$ 13,400</u> | <u>\$ 12,976</u> | <u>\$ 413</u> | <u>\$ 12,726</u> |
| Other Sources (Uses) | | | | |
| Operating Transfers Out | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses | \$ 13,400 | \$ 12,976 | \$ 413 | \$ 12,726 |
| Fund Balance, beginning of year | <u>104,680</u> | <u>104,680</u> | <u>7</u> | <u>91,947</u> |
| Fund Balance, end of year | <u><u>\$ 118,080</u></u> | <u><u>\$ 117,656</u></u> | <u><u>\$ 420</u></u> | <u><u>\$ 104,673</u></u> |

The accompanying notes are an integral part of this statement

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CITY OF RAYNE, LOUISIANA
ENTERPRISE FUND
UTILITY FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended September 30, 2012

With Comparative Actual Amounts for Year Ended September 30, 2011

| | 2012 | | | | 2011 |
|-----------------------------------|---------------------|---------------------|---------------------|--|---------------------|
| | Budget | | | Variance-- Favorable (Unfavorable) | |
| | Original | Final | Actual | | Actual |
| Operating Revenues | | | | | |
| Power customers | \$ 280,000 | \$ 260,500 | \$ 281,824 | \$ 21,324 | \$ 288,186 |
| Residential | 4,995,935 | 4,566,317 | 4,381,439 | (184,878) | 4,821,175 |
| Commercial | 2,650,000 | 2,585,303 | 2,543,742 | (41,561) | 2,758,231 |
| Street lighting | 43,000 | 43,000 | 43,000 | - | 43,000 |
| Water revenue | 634,100 | 595,808 | 591,948 | (3,860) | 596,828 |
| Fire hydrant rental | 23,000 | 23,000 | 23,000 | - | 23,000 |
| Delinquent charges | 135,000 | 158,366 | 161,537 | 3,171 | 161,813 |
| | <u>\$ 8,761,035</u> | <u>\$ 8,232,294</u> | <u>\$ 8,026,490</u> | <u>\$ (205,804)</u> | <u>\$ 8,692,233</u> |
| Other operating revenue | 248,271 | 284,026 | 279,985 | (4,041) | 332,146 |
| Total Operating Revenues | <u>\$ 9,009,306</u> | <u>\$ 8,516,320</u> | <u>\$ 8,306,475</u> | <u>\$ (209,845)</u> | <u>\$ 9,024,379</u> |
| Operating Expenses | | | | | |
| Electric generating expense | \$ 5,598,995 | \$ 5,219,989 | \$ 4,831,845 | \$ 388,144 | \$ 5,445,868 |
| Electric distribution expense | 376,819 | 366,972 | 383,916 | (16,944) | 337,948 |
| Water department expense | 297,798 | 286,732 | 294,205 | (7,473) | 303,028 |
| Water treatment plant expense | 370,367 | 328,104 | 337,529 | (9,425) | 388,951 |
| Overhead expense | 1,373,388 | 1,493,430 | 1,514,013 | (20,583) | 1,457,559 |
| Warehouse expense | 48,470 | 46,220 | 47,326 | (1,106) | 49,557 |
| Total Operating Expenses | <u>\$ 8,065,837</u> | <u>\$ 7,741,447</u> | <u>\$ 7,408,834</u> | <u>\$ 332,613</u> | <u>\$ 7,982,911</u> |
| Total Operating Income | <u>\$ 943,469</u> | <u>\$ 774,873</u> | <u>\$ 897,641</u> | <u>\$ 122,768</u> | <u>\$ 1,041,468</u> |
| Non-Operating Revenues (expense) | <u>\$ 129,817</u> | <u>\$ (11,818)</u> | <u>\$ 10,471</u> | <u>\$ 22,289</u> | <u>\$ (10,803)</u> |
| Income before Operating Transfers | <u>\$ 1,073,286</u> | <u>\$ 763,055</u> | <u>\$ 908,112</u> | <u>\$ 145,057</u> | <u>\$ 1,030,665</u> |
| Other sources (uses) | | | | | |
| Operating transfers in | \$ - | | | \$ - | \$ 707,552 |
| Operating transfers out | (600,000) | (614,390) | (614,390) | - | (600,000) |
| Total Other Sources | <u>\$ (600,000)</u> | <u>\$ (614,390)</u> | <u>\$ (614,390)</u> | <u>\$ -</u> | <u>\$ 107,552</u> |
| Net Income (Loss) | <u>\$ 473,286</u> | <u>\$ 148,665</u> | <u>\$ 293,722</u> | <u>\$ 145,057</u> | <u>\$ 1,138,217</u> |

The accompanying notes are an integral part of this statement

CITY OF RAYNE, LOUISIANA

ENTERPRISE FUND
UTILITY FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended September 30, 2012

With Comparative Actual Amounts for Year Ended September 30, 2011

| | 2012 | | | | 2011 |
|--------------------------------------|---------------------|---------------------|---------------------|--|---------------------|
| | Budget | | Actual | Variance-- Favorable (Unfavorable) | Actual |
| | Original | Final | | | |
| Electric Generating Expense | | | | | |
| Salaries | \$ 86,440 | \$ 78,250 | \$ 78,715 | \$ (465) | \$ 82,628 |
| Fuel | 50,000 | 39,298 | 32,388 | 6,910 | 77,612 |
| Repairs to generators | 15,000 | 225,000 | 7,016 | 217,984 | 4,403 |
| Purchased power | 5,440,000 | 4,862,676 | 4,697,789 | 164,887 | 5,271,770 |
| Miscellaneous | 7,555 | 14,765 | 15,937 | (1,172) | 9,455 |
| | <u>\$ 5,598,995</u> | <u>\$ 5,219,989</u> | <u>\$ 4,831,845</u> | <u>\$ 388,144</u> | <u>\$ 5,445,868</u> |
| Electric Distribution Expense | | | | | |
| Salaries and wages | \$ 230,339 | \$ 218,842 | \$ 219,986 | \$ (1,144) | \$ 209,998 |
| Line maintenance | 50,800 | 46,000 | 46,734 | (734) | 47,835 |
| Street light maintenance | 10,875 | 13,220 | 15,300 | (2,080) | 10,178 |
| Meter maintenance | 7,800 | 9,506 | 8,801 | 705 | 4,299 |
| Maintenance equipment | 5,800 | 1,590 | 11,286 | (9,696) | 13,843 |
| Truck operation and maintenance | 37,000 | 37,172 | 34,734 | 2,438 | 18,460 |
| Tools and supplies | 3,075 | 7,035 | 4,669 | 2,366 | 2,628 |
| Uniforms | 8,750 | 9,001 | 9,260 | (259) | 8,527 |
| Miscellaneous | 22,380 | 24,606 | 33,146 | (8,540) | 22,181 |
| | <u>\$ 376,819</u> | <u>\$ 366,972</u> | <u>\$ 383,916</u> | <u>\$ (16,944)</u> | <u>\$ 337,949</u> |
| Water Department Expense | | | | | |
| Salaries and wages | \$ 225,777 | \$ 226,670 | \$ 227,674 | \$ (1,004) | \$ 227,540 |
| Well maintenance | 2,075 | 50 | 628 | (578) | 4,241 |
| Line maintenance | 20,671 | 18,209 | 19,013 | (804) | 21,994 |
| Meter maintenance | 19,200 | 13,253 | 14,221 | (968) | 16,909 |
| Uniforms | 3,850 | 3,970 | 3,861 | 109 | 3,663 |
| Truck operation and maintenance | 13,000 | 14,887 | 16,303 | (1,416) | 14,520 |
| Small tools and supplies | 4,575 | 3,006 | 2,998 | 8 | 3,396 |
| Miscellaneous | 8,650 | 6,687 | 9,507 | (2,820) | 10,765 |
| | <u>\$ 297,798</u> | <u>\$ 286,732</u> | <u>\$ 294,205</u> | <u>\$ (7,473)</u> | <u>\$ 303,028</u> |

(continued)

The accompanying notes are an integral part of this statement

CITY OF RAYNE, LOUISIANA
ENTERPRISE FUND
UTILITY FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended September 30, 2012

With Comparative Actual Amounts for Year Ended September 30, 2011

| | 2012 | | | | 2011 |
|-----------------------------------|---------------------|---------------------|---------------------|-------------------------|---------------------|
| | Budget | | | Variance-- Favorable | |
| | Original | Final | Actual | (Unfavorable) | Actual |
| Water Treatment Plant | | | | | |
| Salaries | \$ 167,474 | \$ 156,575 | \$ 148,796 | \$ 7,779 | \$ 152,448 |
| Engineering fees | 25,000 | 22,841 | 19,147 | 3,694 | 31,408 |
| Chemicals | 55,000 | 43,100 | 56,087 | (12,987) | 64,207 |
| Tools and equipment maintenance | 34,150 | 24,368 | 30,370 | (6,002) | 40,659 |
| Building maintenance | 7,450 | 4,605 | 3,985 | 620 | 12,134 |
| Utilities | 71,600 | 67,500 | 68,190 | (690) | 76,454 |
| Miscellaneous | 9,693 | 9,115 | 10,954 | (1,839) | 11,641 |
| | <u>\$ 370,367</u> | <u>\$ 328,104</u> | <u>\$ 337,529</u> | <u>\$ (9,425)</u> | <u>\$ 388,951</u> |
| Overhead Expenses | | | | | |
| Salaries and wages | \$ 289,000 | \$ 289,964 | \$ 294,437 | \$ (4,473) | \$ 290,406 |
| Payroll taxes | 74,140 | 71,927 | 74,828 | (2,901) | 75,420 |
| Group insurance | 196,400 | 195,411 | 195,869 | (458) | 192,778 |
| Professional fees | 75,300 | 97,200 | 99,273 | (2,073) | 92,942 |
| General insurance | 185,000 | 169,500 | 173,078 | (3,578) | 158,989 |
| Depreciation | 220,000 | 250,000 | 282,641 | (32,641) | 287,392 |
| Postage and supplies | 85,365 | 97,372 | 94,757 | 2,615 | 72,034 |
| Utilities | 7,200 | 8,220 | 8,238 | (18) | 7,859 |
| Equipment maintenance | 9,200 | 9,854 | 10,753 | (899) | 9,403 |
| Bad debt expense | 50,000 | 50,000 | 45,683 | 4,317 | 21,838 |
| Promotions | 25,000 | 52,893 | 69,649 | (16,756) | 63,630 |
| Building and ground maintenance | 32,077 | 39,426 | 33,869 | 5,557 | 55,203 |
| Engineering fees | 6,400 | - | - | - | 4,496 |
| Miscellaneous | 53,356 | 86,517 | 56,315 | 30,202 | 59,888 |
| Administrative expense-Retirement | 60,200 | 70,398 | 71,098 | (700) | 61,261 |
| Uniforms | 4,750 | 4,748 | 3,520 | 1,228 | 4,019 |
| | <u>\$ 1,373,388</u> | <u>\$ 1,493,430</u> | <u>\$ 1,514,008</u> | <u>\$ (20,578)</u> | <u>\$ 1,457,558</u> |
| Warehouse Expense | | | | | |
| Salaries and wages | \$ 37,100 | \$ 37,100 | \$ 38,263 | \$ (1,163) | \$ 38,444 |
| Tools and equipment maintenance | 200 | 5,700 | 300 | 5,400 | 169 |
| Building and ground maintenance | 2,220 | 1,415 | 1,412 | 3 | 2,075 |
| Supplies | 3,850 | 1,357 | 977 | 380 | 2,741 |
| Miscellaneous | 5,100 | 648 | 6,374 | (5,726) | 6,127 |
| | <u>\$ 48,470</u> | <u>\$ 46,220</u> | <u>\$ 47,326</u> | <u>\$ (1,106)</u> | <u>\$ 49,556</u> |
| Total Operating Expenses | <u>\$ 8,065,837</u> | <u>\$ 7,741,447</u> | <u>\$ 7,408,829</u> | <u>\$ 332,618</u> | <u>\$ 8,095,845</u> |

The accompanying notes are an integral part of this statement

CITY OF RAYNE, LOUISIANA
ENTERPRISE FUND
UTILITY FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended September 30, 2012

With Comparative Actual Amounts for Year Ended September 30, 2011

| | 2012 | | | | 2011 |
|---|-------------------|--------------------|------------------|--|--------------------|
| | Budget | | Actual | Variance-- Favorable (Unfavorable) | Actual |
| | Original | Final | | | |
| Non-Operating Revenue | | | | | |
| Interest earned on investments | \$ 2,850 | \$ 3,630 | \$ 4,182 | \$ 552 | \$ 4,681 |
| Claims from Insurance | 2,000 | - | | - | 2,139 |
| Intergovernmental | | | | | |
| FEMA | - | - | | - | - |
| State contract | 150,000 | - | 28,000 | 28,000 | 116,530 |
| Miscellaneous | 2,600 | 12,185 | 11,031 | (1,154) | 1,629 |
| | <u>\$ 157,450</u> | <u>\$ 15,815</u> | <u>\$ 43,213</u> | <u>\$ 27,398</u> | <u>\$ 124,979</u> |
| Non-Operating Expenses | | | | | |
| Bond interest expense | \$ 27,633 | \$ 27,633 | \$ 31,124 | \$ (3,491) | \$ 21,401 |
| Storm Related expense | - | | 1,618 | - | 114,381 |
| Loss on Disposal of Assets | - | | | - | - |
| Inventory Obsolescence | - | | | - | - |
| | <u>\$ 27,633</u> | <u>\$ 27,633</u> | <u>\$ 32,742</u> | <u>\$ (3,491)</u> | <u>\$ 135,782</u> |
| Non-operating revenue (expenses) | <u>\$ 129,817</u> | <u>\$ (11,818)</u> | <u>\$ 10,471</u> | <u>\$ 23,907</u> | <u>\$ (10,803)</u> |

The accompanying notes are an integral part of this statement

CITY OF RAYNE, LOUISIANA

ENTERPRISE FUND
SANITATION FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended September 30, 2012
With Comparative Actual Amounts for Year Ended September 30, 2011

| | 2012 | | | | 2011 |
|-----------------------------------|-------------------|-------------------|---------------------|--|---------------------|
| | Budget | | Actual | Variance-- Favorable (Unfavorable) | Actual |
| | Original | Final | | | |
| Revenues | | | | | |
| Operating Revenues | | | | | |
| Charges for service | \$ 865,000 | \$ 828,298 | \$ 829,295 | \$ 997 | \$ 864,978 |
| Non-Operating Revenues | | | | | |
| Miscellaneous income | 10,647 | 10,821 | 193,377 | 182,556 | 34,448 |
| Claims from insurance | - | - | - | - | 331,384 |
| Grant | - | 101,800 | 1,800 | (100,000) | 56,941 |
| Interest on investments | 5,200 | 6,019 | 6,160 | 141 | 8,536 |
| Total Revenues | <u>\$ 880,847</u> | <u>\$ 946,938</u> | <u>\$ 1,030,632</u> | <u>\$ 83,694</u> | <u>\$ 1,296,287</u> |
| Expenditures | | | | | |
| Current-- | | | | | |
| Sanitation-- | | | | | |
| Salaries | \$ 164,200 | \$ 162,839 | \$ 163,523 | \$ (684) | \$ 156,407 |
| Leave benefits | - | - | - | - | - |
| Payroll taxes | 12,900 | 12,861 | 12,692 | 169 | 12,845 |
| Line maintenance | 2,200 | 45,320 | 16,805 | 28,515 | 947 |
| Repairs and maintenance | 14,700 | 13,897 | 20,775 | (6,878) | 30,270 |
| Insurance | 10,200 | 13,642 | 12,790 | 852 | 9,612 |
| Utilities/telephone | 68,500 | 68,043 | 70,578 | (2,535) | 69,166 |
| Chemicals | - | - | - | - | 73 |
| Lab fees | 14,200 | 19,689 | 19,822 | (133) | 14,653 |
| Group insurance | 23,500 | 28,554 | 29,975 | (1,421) | 22,159 |
| Building & ground maintenance | 10,300 | 1,407 | 1,158 | 249 | 2,816 |
| Retirement system | 9,500 | 10,783 | 10,784 | (1) | 9,246 |
| Engineering fees | 10,200 | 8,043 | 13,276 | (5,233) | 20,184 |
| Department supplies | 1,200 | 781 | 865 | (84) | 1,690 |
| Storm related expenses | - | 12,926 | 31,644 | (18,718) | 56,941 |
| Miscellaneous | 12,550 | 11,291 | 12,967 | (1,676) | 6,860 |
| Depreciation | 365,000 | 365,000 | 331,915 | 33,085 | 340,407 |
| Bad debt | 6,000 | 6,000 | 7,809 | (1,809) | 3,479 |
| Bond interest | 63,794 | 63,795 | 63,712 | 83 | 74,414 |
| Total Expenditures | <u>\$ 788,944</u> | <u>\$ 844,871</u> | <u>\$ 821,090</u> | <u>\$ 23,781</u> | <u>\$ 832,169</u> |
| Income before operating transfers | <u>\$ 91,903</u> | <u>\$ 102,067</u> | <u>\$ 209,542</u> | <u>\$ 107,475</u> | <u>\$ 464,118</u> |
| Other sources (uses) | | | | | |
| Capital contributions | \$ - | \$ - | \$ - | \$ - | \$ - |
| Operating transfers in | - | 14,390 | 14,390 | - | - |
| Total Other Sources | <u>\$ -</u> | <u>\$ 14,390</u> | <u>\$ 14,390</u> | <u>\$ -</u> | <u>\$ -</u> |
| Net income (loss) | <u>\$ 91,903</u> | <u>\$ 116,457</u> | <u>\$ 223,932</u> | <u>\$ 107,475</u> | <u>\$ 464,118</u> |

The accompanying notes are an integral part of this statement

CITY OF RAYNE, LOUISIANA

Combining Balance Sheet
Nonmajor Governmental Funds

For the Year Ended September 30, 2012

| | Special Revenue | | | | Debt Service | Total Nonmajor Governmental Funds |
|--|-----------------------------|----------------------|------------------------------|-------------------|------------------|--|
| | Youth Recreation Fund | Section 8 Fund | Unemployment Compensation | Total | Capital Lease | |
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ 7,584 | \$ 86,838 | \$ 17,557 | \$ 111,979 | \$ - | \$ 111,979 |
| Investments | 35,230 | - | 100,505 | 135,735 | - | 135,735 |
| Receivables | - | - | - | - | - | - |
| Due from other funds | - | - | - | - | 26,300 | 26,300 |
| Due from other governments | - | - | - | - | - | - |
| Inventory | - | - | - | - | - | - |
| Restricted assets | - | - | - | - | - | - |
| Other Assets | - | - | - | - | - | - |
| TOTAL ASSETS | \$ 42,814 | \$ 86,838 | \$ 118,062 | \$ 247,714 | \$ 26,300 | \$ 274,014 |
| LIABILITIES AND FUND BALANCES | | | | | | |
| Liabilities | | | | | | |
| Accounts Payable | \$ 2,454 | \$ 42 | \$ - | \$ 2,496 | \$ - | \$ 2,496 |
| Accrued Payroll liabilities | - | 1,570 | - | 1,570 | - | 1,570 |
| Payable from restricted assets | - | - | - | - | - | - |
| Due to other funds | - | - | - | - | - | - |
| Matured bonds and interest payable | - | - | - | - | - | - |
| Deferred revenues | - | - | - | - | - | - |
| Other liabilities | 2,521 | - | - | 2,521 | 26,300 | 28,821 |
| Matured bonds and interest payable | - | - | - | - | - | - |
| Total Liabilities | \$ 4,975 | \$ 1,612 | \$ - | \$ 6,587 | \$ 26,300 | \$ 32,887 |
| Fund balances | | | | | | |
| Assigned | \$ 37,839 | \$ - | \$ 118,062 | \$ 155,901 | \$ - | \$ 155,901 |
| Restricted | - | 85,226 | - | 85,226 | - | 85,226 |
| Total Fund Balances | \$ 37,839 | \$ 85,226 | \$ 118,062 | \$ 241,127 | \$ - | \$ 241,127 |
| Total Liabilities and Fund Balances | \$ 42,814 | \$ 86,838 | \$ 118,062 | \$ 247,714 | \$ 26,300 | \$ 274,014 |

The accompanying notes are an integral part of this statement

CITY OF RAYNE, LOUISIANA

Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance
For the Year Ended September 30, 2012

| | Special Revenue | | | | Debt Service | | Total Nonmajor Governmental Funds |
|--|---------------------|-------------------|------------------------------|-------------------|--------------------|--------------------|--|
| | Youth Recreation | Section 8 | Unemployment Compensation | Total | Capital Lease | Total | |
| REVENUES | | | | | | | |
| Ad valorem | \$ 149,222 | \$ - | \$ - | \$ 149,222 | \$ - | \$ - | \$ 149,222 |
| Charges for services | 56,564 | - | - | 56,564 | - | - | 56,564 |
| Intergovernmental revenues | | | | | | | |
| State grants | 58,158 | - | - | 58,158 | - | - | 58,158 |
| Federal grants | - | 370,158 | - | 370,158 | - | - | 370,158 |
| Investment earnings | 76 | 136 | 447 | 659 | - | - | 659 |
| Other revenues | 28,956 | - | 15,099 | 44,055 | - | - | 44,055 |
| Total Revenues | <u>\$ 292,976</u> | <u>\$ 370,294</u> | <u>\$ 15,546</u> | <u>\$ 678,816</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 678,816</u> |
| EXPENDITURES | | | | | | | |
| General Government | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Cultural and recreation | 277,751 | - | - | 277,751 | - | - | 277,751 |
| Urban Redevelopment and housing | - | 369,736 | - | 369,736 | - | - | 369,736 |
| Debt service | | | | | | | |
| Principle retirement | - | - | - | - | 38,863 | 38,863 | 38,863 |
| Interest & Fiscal charges | - | - | 2,157 | 2,157 | 2,872 | 2,872 | 5,029 |
| Total Expenditures | <u>\$ 277,751</u> | <u>\$ 369,736</u> | <u>\$ 2,157</u> | <u>\$ 649,644</u> | <u>\$ 41,735</u> | <u>\$ 41,735</u> | <u>\$ 691,379</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>\$ 15,225</u> | <u>\$ 558</u> | <u>\$ 13,389</u> | <u>\$ 29,172</u> | <u>\$ (41,735)</u> | <u>\$ (41,735)</u> | <u>\$ (12,563)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | | |
| Transfers in | \$ - | \$ - | \$ - | \$ - | \$ 41,735 | 41,735 | \$ 41,735 |
| Transfers out | - | - | - | - | - | - | - |
| Total Other Financing Sources and Uses | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 41,735</u> | <u>\$ 41,735</u> | <u>\$ 41,735</u> |
| Net Change in Fund Balance | \$ 15,225 | \$ 558 | \$ 13,389 | \$ 29,172 | \$ - | \$ - | \$ 29,172 |
| Fund balances - beginning | 22,614 | 84,668 | 104,673 | 211,955 | - | - | 211,955 |
| Fund balances - ending | <u>\$ 37,839</u> | <u>\$ 85,226</u> | <u>\$ 118,062</u> | <u>\$ 241,127</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 241,127</u> |

The accompanying notes are an integral part of this statement

CITY OF RAYNE, LOUISIANA

Combined Schedule of Long-Term Debt
For the Year Ended September 30, 2012

| | Issue Date | Final Maturity Date | Interest Rates | Payment Dates | Bonds | | |
|---|---------------|---------------------------|-------------------|------------------|---------------------|-------------------|---------------------|
| | | | | | Issued | Retired | Outstanding |
| Utility Revenue Bonds - Utility Revenue Bonds, Series 1996 - Sewer | 5/1/1996 | 3/1/2017 | 2.45% | 3/1 | <u>\$ 2,345,000</u> | <u>\$ 365,000</u> | <u>\$ 1,980,000</u> |
| Certificated of Indebtedness, Series 2011 | 3/1/2011 | 3/1/2021 | 3.02% | 3/1 | <u>\$ 1,000,000</u> | <u>\$ 85,000</u> | <u>\$ 915,000</u> |

The accompanying notes are an integral part of this statement.

CITY OF RAYNE, LOUISIANA
Schedule of Insurance in Force
(Unaudited)

For the Year Ended September 30, 2012

| <u>Insurance / Agent</u> | <u>Risks Covered</u> | <u>Limits of Coverage</u> | <u>Expiration Date</u> |
|---------------------------------|--|--|--|
| Allstate | Blanket Building Blanket Personal Property Commercial Inland Marine | 10,171,000 725,000 73,500 | 1/1/2013 |
| Western Surety | Bond | 10,000 | 3/24/2012 |
| C N A | Bonds - Police Officers City Court & City Clerk | 60,000 | Various |
| | Blanket - City Employees E&O | 100,000 | 6/24/2012 |
| National Casualty Co | Rayne Auxiliary Police | 25,000 | 8/21/2013 |
| Colony | Rayne Museum Contents Only General Liability | 16,800 300,000 | 11/7/2012 11/7/2012 |
| Risk Management, Inc | General Liability Automobile Liability Errors and Omissions Law Enforcement Officer Health Workmen's Compensation | 500,000 500,000 500,000 500,000 1,000,000 500,000 | 4/25/2013 4/25/2013 4/25/2013 4/25/2013 1/1/2012 1/1/2013 |
| Colony | Building | 600,000 80% coinsurance | 2/25/13 |
| Travelers Insurance | Boiler and Machinery | 10,505,000 | 1/20/2013 |
| US Fire Insurance Company | Rayne Youth and Recreation Dept Accident Medical Policies Volleyball Flag & Tackle Football | 10,000 10,000 | 2/28/2013 2/21/2013 |
| Berkley Life & Health Insurance | Rayne Youth and Recreation Dept Baseball Medical Policy | 10,000 | 9/10/2012 |
| Berkley Life & Health Insurance | Rayne Youth and Recreation Dept | 10,000 | 5/21/2012 |
| US Fire Insurance Company | Just for Fun Camp Accident Policy | 10,000 | 7/7/2012 |

The accompanying notes are an integral part of this statement

CITY OF RAYNE, LOUISIANA
Combined Schedule of Investments - All Funds

For the Year Ended September 30, 2012

| | <u>Financial Institution</u> | <u>Interest Rate</u> | <u>Maturity</u> | <u>Amount</u> |
|----------------------------------|----------------------------------|--------------------------|-----------------|----------------------------|
| Utility | | | | |
| Money Market Account | Rayne Bldg & Loan | 0 90% | 4/17/2013 | \$ 100,000 |
| Passbook | Bank of Commerce | 0 50% | | 207,608 |
| Passbook | Bank of Commerce | 0 50% | | 71,757 |
| | | | | <u>\$ 379,365</u> |
| Sewer | | | | |
| Money Market Account | Rayne Bldg & Loan | 1 00% | 1/8/2013 | \$ 430,177 |
| Money Market Account | Rayne Bldg & Loan | 0 75% | 4/1/2013 | 75,000 |
| Passbook | Rayne State Bank | 0 20% | | 236,611 |
| | | | | <u>\$ 741,788</u> |
| Unemployment Compensation | | | | |
| Passbook | Bank of Commerce | 0 50% | | <u>\$ 100,505</u> |
| Youth Recreation | | | | |
| Passbook | Rayne State Bank | 0 10% | | <u>\$ 35,230</u> |
| | | | | <u><u>\$ 1,256,888</u></u> |

The accompanying notes are an integral part of this statement

Statistical Section

CITY OF RAYNE, LOUISIANA

STATISTICAL INFORMATION

Table 1

PROPERTY TAX LEVIES AND COLLECTION
FOR THE LAST TEN FISCAL YEARS

| <u>Year</u> | <u>Valuation</u> | <u>Millage</u> | <u>Taxes</u> |
|-------------|------------------|----------------|--------------|
| 2002-2003 | 19,680,900 | 12 00 | 234,766 |
| 2003-2004 | 19,795,480 | 12 00 | 237,546 |
| 2004-2005 | 21,934,090 | 12 10 | 262,469 |
| 2005-2006 | 22,528,990 | 12 10 | 272,603 |
| 2006-2007 | 23,236,560 | 12 10 | 281,166 |
| 2007-2008 | 24,820,680 | 12 10 | 300,334 |
| 2008-2009 | 29,605,318 | 12 10 | 358,230 |
| 2009-2010 | 30,043,738 | 12 10 | 363,535 |
| 2010-2011 | 30,005,218 | 12 10 | 363,069 |
| 2011-2012 | 29,844,448 | 12 10 | 360,579 |

Table 2

GENERAL REVENUES BY SOURCE*
FOR THE LAST FIVE FISCAL YEARS

| | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> |
|----------------------|---------------------|---------------------|---------------------|---------------------|--------------------|
| Taxes | \$ 2,450,497 | \$ 2,351,527 | \$ 2,283,539 | \$ 2,362,954 | \$2,317,824 |
| Licenses and permits | 296,639 | 337,547 | 298,118 | 309,954 | 284,536 |
| Intergovernmental | 957,063 | 1,292,146 | 1,288,329 | 1,698,586 | 819,148 |
| Charges for services | 86,609 | 94,598 | 89,511 | 79,873 | 94,773 |
| Fines | 194,663 | 113,128 | 97,294 | 105,295 | 110,565 |
| Miscellaneous | 224,488 | 182,376 | 241,682 | 239,170 | 149,742 |
| Totals | <u>\$ 4,209,959</u> | <u>\$ 4,371,322</u> | <u>\$ 4,298,473</u> | <u>\$ 4,795,832</u> | <u>\$3,776,588</u> |

*Includes General, Special Revenue, and Debt Service Funds

CITY OF RAYNE, LOUISIANA

STATISTICAL INFORMATION

Table 3

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION*
FOR THE LAST FIVE FISCAL YEARS

| | 2012 | 2011 | 2010 | 2009 | 2008 |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| General governments | \$ 1,358,419 | \$ 1,265,973 | \$ 1,287,078 | \$ 1,180,239 | \$ 1,093,473 |
| Public safety | 1,695,511 | 1,632,344 | 1,571,085 | 1,426,117 | 1,406,702 |
| Public works | 898,565 | 767,376 | 808,088 | 793,938 | 774,066 |
| Culture and recreation | 736,893 | 649,511 | 737,596 | 658,426 | 714,002 |
| Public works - storm related | 796 | 272,420 | - | 1,563 | 90,773 |
| Urban and housing redevelopment | 369,736 | 354,907 | 688,394 | 615,443 | 304,216 |
| Debt service | 43,892 | 44,521 | 530,295 | 493,827 | 490,378 |
| Totals | <u>\$ 5,103,812</u> | <u>\$ 4,987,052</u> | <u>\$ 5,622,536</u> | <u>\$ 5,169,553</u> | <u>\$ 4,873,610</u> |

* Includes General, Special Revenue, and Debt Service Funds and Capital Project Funds

Table 4

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES
FOR GENERAL BONDED DEBT TO TOTAL EXPENDITURES

| | 2012 | 2011 | 2010 | 2009 | 2008 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| Principal | \$ - | \$ - | \$ 480,000 | \$ 460,000 | \$ 445,000 |
| Interest | - | - | 6,816 | 20,164 | 33,015 |
| Total Debt Service | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 486,816</u> | <u>\$ 480,164</u> | <u>\$ 478,015</u> |
| Total general expenditures | <u>\$ 5,103,812</u> | <u>\$ 4,987,052</u> | <u>\$ 5,622,536</u> | <u>\$ 5,169,553</u> | <u>\$ 4,873,610</u> |
| Ratio of debt service to total general expenditures | <u>0 0%</u> | <u>0 0%</u> | <u>8 7%</u> | <u>9 3%</u> | <u>9 8%</u> |

CITY OF RAYNE, LOUISIANA

STATISTICAL INFORMATION

Table 5

UTILITY REVENUE BOND COVERAGE
FOR THE LAST FIVE FISCAL YEARS

| | 2012 | 2011 | 2010 | 2009 | 2008 |
|--------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Gross revenues* | \$ 9,135,770 | \$ 9,889,357 | \$ 9,639,983 | \$ 9,428,075 | \$11,216,565 |
| Operating expenditures** | 7,520,007 | 8,055,925 | 8,257,195 | 7,663,855 | 9,717,733 |
| Net available for debt service | <u>\$ 1,615,763</u> | <u>\$ 1,833,432</u> | <u>\$ 1,382,788</u> | <u>\$ 1,764,220</u> | <u>\$ 1,498,832</u> |
| Debt service requirements | | | | | |
| Principal | \$ 463,000 | \$ 440,000 | \$ 425,000 | \$ 425,000 | \$ 410,000 |
| Interest | 94,836 | 95,815 | 98,401 | 111,558 | 104,356 |
| Total | <u>\$ 557,836</u> | <u>\$ 535,815</u> | <u>\$ 523,401</u> | <u>\$ 536,558</u> | <u>\$ 514,356</u> |
| Coverage | <u>2 9</u> | <u>3 4</u> | <u>2 6</u> | <u>3 3</u> | <u>2 9</u> |

* Includes revenue from all sources

** Includes all expenditures except debt service interest, depreciation

Table 6

GROSS SALARIES BY FUNCTION
FOR LAST FIVE FISCAL YEARS

| | 2012 | 2011 | 2010 | 2009 | 2008 |
|---------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| General government | \$ 306,139 | \$ 260,732 | \$ 296,632 | \$ 279,366 | \$ 280,460 |
| Public safety | 903,382 | 870,973 | 851,850 | 850,212 | 771,708 |
| Public works | 371,196 | 449,158 | 434,772 | 421,593 | 432,432 |
| Culture and recreations | 233,293 | 240,124 | 235,604 | 229,748 | 231,209 |
| Urban redevelopment and housing | 26,369 | 26,705 | 25,961 | 24,555 | 27,865 |
| Enterprise | <u>1,171,394</u> | <u>1,012,891</u> | <u>1,177,722</u> | <u>1,165,557</u> | <u>1,118,737</u> |
| Totals | <u>\$ 3,011,773</u> | <u>\$ 2,860,583</u> | <u>\$ 3,022,541</u> | <u>\$ 2,971,031</u> | <u>\$ 2,862,411</u> |

**Compliance, Internal Control
and Other Information**

THIBODEAUX ACCOUNTING COMPANY

A LIMITED LIABILITY COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

P O Box 34 • 801 THE BOULEVARD SUITE B • RAYNE LOUISIANA 70578 • (337) 334-7251 FAX (337) 334-7002

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Honorable Roland J. Boudreaux
And the Board of Alderman
City of Rayne, Louisiana

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rayne, Louisiana, as of and for the year ended September 30, 2012, which collectively comprise the City of Rayne, Louisiana's basic financial statements and have issued our report thereon dated March 28, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

Management of the City of Rayne, Louisiana is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City of Rayne, Louisiana's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Rayne, Louisiana's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Rayne, Louisiana's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and corrective action plan that we consider to be *significant deficiencies in internal control over financial reporting*. The deficiencies are described in the accompanying schedule of audit findings and corrective action plan as items 2012-1 and 2012-7. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

MEMBER OF
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

The Honorable Roland J. Boudreaux
And the Board of Alderman
City of Rayne, Louisiana

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Rayne, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings as item 2012-2, 2012-3, 2012-4, 2012-5 and 2012-6.

City of Rayne, Louisiana's response to the findings identified in our audit is described in the accompanying schedule of findings and corrective action plan. We did not audit the City of Rayne, Louisiana's response, and accordingly, we express no opinion on it.

This report is intended solely for the information and use of the management of the City of Rayne, Louisiana, City Council, others within the entity, federal awarding agencies and the Legislative Auditor of the State of Louisiana and is not intended to be, and should not be, used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Thibodeaux Accounting Company

Thibodeaux Accounting Company
A Limited Liability Company

Rayne, Louisiana
March 28, 2013

CITY OF RAYNE, LOUISIANA

Schedule of Corrective Action Taken on Prior Year Findings
For the Year Ended September 30, 2012

Part 1 Significant Deficiencies - Financial Reporting

2011-1 The City does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements including the related notes

This matter is unresolved

2011-2 The City did not properly amend their budget and exceeded budgeted expenses or uses by more than 5% in the General fund

This matter is unresolved

2011-3 The City does not reconcile the manual schedule of center rental deposits to the general ledger

This matter is unresolved

2011-4 The City does not have written policies and procedures related to reimbursable expenses

This matter is resolved

Part 2 Non-Compliance - Financial Reporting

There were no instances of non-compliance that were disclosed during the audit for the period ended September 30, 2011.

Part 3 Findings and questioned costs relating to federal programs

There were no findings or questioned costs relating to federal programs

Part 4 Management Letter

No management letter was issued for the year ended September 30, 2011

CITY OF RAYNE, LOUISIANA

**Schedule of Findings and Corrective Action Plan
For the Year Ended September 30, 2012**

Part I

Summary of Auditor's Results

Financial Statements

Auditor's Report

An unqualified opinion has been issued on the basic financial statements of the City of Rayne's Primary Government as of and for the year ended September 30, 2012

Internal Control - Financial Reporting

There were two significant deficiencies in internal control over financial reporting required to be disclosed during the audit of the financial statements for the period ended September 30, 2012 which are identified as 2012-1 and 2012-7

Noncompliance - Financial Reporting

There were five instances of noncompliance that were disclosed during the audit of the financial statements for the period ended September 30, 2012, which are identified as 2012-2, 2012-3, 2012-4, 2012-5 and 2012-6

CITY OF RAYNE, LOUISIANA

Schedule of Findings and Corrective Action Plan
For the Year Ended September 30, 2012

Part 2

Findings Relating to an audit in accordance with Government Auditing Standards

2012-1 Finding Financial Statements Not in Accordance With GAAP

The City does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing the financial statements including the related notes

Criteria

The reporting entity should be able to prepare financial statements in accordance with GAAP without any outside assistance

Cause of Condition

The City does not have the funds to hire someone or outsource this function

Effect of Condition

The financial statements may not be prepared in accordance with GAAP

Recommendation

We recommend that the City outsource this task to ensure the recording of the City's financial transactions in accordance with GAAP

Corrective Action Plan

The City has evaluated the cost vs benefits of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of the City to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation

2012-2 Finding The City employed family members of one of its department heads

Criteria

The City should make all employees especially those in charge of hiring and purchasing aware of ethical and compliance issues in regard to related parties

Cause of Condition

Not all employees were aware of the prohibition of nepotism contained in Section 1119 of Louisiana's Code of Governmental Ethics (LSA-R S 42 1119)

CITY OF RAYNE, LOUISIANA

Schedule of Findings and Corrective Action Plan (continued)
For the Year Ended September 30, 2012

Effect of Condition

The City was not in compliance with LSA-R S 42 1119 for the current fiscal year

Recommendation

The City should make employees aware of related party prohibitions

Corrective Action Plan

The City no longer employs the aforementioned related parties and has already educated employees in regard to related party transactions and compliance regulations

2012-3 Finding Lack of complete records

Criteria

The City should adhere to the Louisiana Administrative Code Title 22, Part III, Section 2705 which states that as a minimum jail standards a log should be kept of all persons entering or leaving jail

Cause of Condition

The City had a glitch in their newly updated computer system at the police department and some daily logs were not saved

Effect of Condition

The City police department could not produce jail logs for all days in fiscal year

Recommendation

The City should print out jail logs or keep a backup disc to ensure they have all logs for each month

Corrective Action Plan

The City has had someone fix their computer system and they are no longer having this problem

2012-4 Finding Budget Violation

The City did not properly amend their budget and exceeded budgeted expenses or uses by more than 5% in the General Fund

Criteria

Louisiana Revised Statue 39 1311 states that the total actual expenditures or uses should not exceed budgeted expenditures by more than 5% or more

CITY OF RAYNE, LOUISIANA

Schedule of Findings and Corrective Action Plan (continued)
For the Year Ended September 30, 2012

Cause of Condition

Management did not properly amend the budget. A number in the police salaries was transposed causing a substantial difference.

Effect of Condition

The City could spend funds in excess of budgeted amounts.

Recommendation

The City should comply with Louisiana Revised Statute 39:1309 and amend its budget upon a change in operations or conditions.

Corrective Action Plan

The City transposed one number on the amended budget which pertained to salaries and was a substantial error. The City will review and compare their budget to actual numbers more diligently to ensure that these types of errors don't occur again.

2012-5 Finding: Flowers were purchased for funerals with City funds.

Criteria

Article VII, Section 14 (A) of the Louisiana Constitution of 1974 provides that funds, credit, property or things of value of the state or any political subdivisions shall not be loaned, pledged, or donated to or for any person, association or corporations.

Cause of Condition

Proper internal controls were not in place to prevent violations of Article VII, Section 14 (A) of the Louisiana Constitution of 1974.

Effect of Condition

The City was in violation of Article VII, Section 14 (A) of the Louisiana Constitution of 1974.

Recommendation

The City should educate elected officials and employees about compliance regulations and have internal controls in place to prevent violations.

Corrective Action Plan

The City will educate elected officials and employees about compliance standards to prevent possible violations.

CITY OF RAYNE, LOUISIANA

Schedule of Findings and Corrective Action Plan (continued)
For the Year Ended September 30, 2012

2012-6 Finding Lack of documentation for travel expenses

Criteria

All reimbursed expenses must have an itemized receipt to ensure that all purchases were in compliance with laws and regulations pertaining to governments

Cause of Condition

Summary receipts were submitted for restaurant and hotel expenses and payments were made based on submitted documentation

Effect of Condition

The City could be out of compliance by paying for items that are explicitly prohibited by Article 7 Section 14 of the Louisiana Constitution of 1974

Recommendation

The City should not pay any reimbursements without timely itemized documentation to ensure compliance with all laws and regulations

Corrective Action Plan

The City adopted a travel reimbursement policy which requires timely, itemized documentation as well as specifies which expenditures are prohibited

2012-7 Finding Inadequate Policies and Procedures for Center Rentals

The City does not reconcile the manual schedule of center rental deposits to the general ledger.

Criteria

The City should be able to reconcile the center rental deposits schedule to the general ledger to ensure accuracy

Cause of Condition

No policies and procedures exist in regards to center rentals

Effect of Condition

Financials statements could be inaccurate

CITY OF RAYNE, LOUISIANA

Schedule of Findings and Corrective Action Plan (continued)
For the Year Ended September 30, 2012

Recommendation

We recommend that the City reconcile the center rental deposits monthly and transfer to or deposit forfeitures in the General Fund Operating account and that the City compile policies and procedures to ensure accurate posting of amounts to the general ledger

Corrective Action Plan

The City now reconciles the center rental deposits to the general ledger monthly to ensure accuracy and transfer to or deposit forfeitures in the General Fund operating account as necessary Shelly Daigle, Deputy Clerk, oversees the reconciliation and ensures it is done monthly The City resolved this issue after September 30, 2012 fiscal year end